

THE EMPLOYER MANDATE: EXAMINING THE DELAY AND ITS EFFECT ON WORKPLACES

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON HEALTH, EMPLOYMENT,
LABOR, AND PENSIONS

AND THE

SUBCOMMITTEE WORKFORCE PROTECTIONS
OF THE

COMMITTEE ON EDUCATION
AND THE WORKFORCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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THE EMPLOYER MANDATE: EXAMINING THE DELAY AND ITS EFFECT ON WORKPLACES

**Tuesday, July 23, 2013
House of Representatives,
Subcommittee on Health, Employment, Labor,
and Pensions,
joint with
Subcommittee on Workforce Protections
Committee on Education and the Workforce,
Washington, D.C.**

The subcommittees met, pursuant to call, at 10:02 a.m., in Room 2175, Rayburn House Office Building, Hon. David P. Roe [chairman of the Health, Employment, Labor, and Pensions subcommittee] presiding.

Present from Health, Employment, Labor, and Pensions subcommittee: Representatives Roe, Wilson, Price, Salmon, Guthrie, DesJarlais, Roby, Heck, Brooks, Messer, Andrews, Courtney, and Polis.

Present from Workforce Protections subcommittee: Representatives Walberg, Kline, Price, DesJarlais, Rokita, Hudson, Courtney, Andrews, Bonamici.

Also present: Miller

Staff present: Andrew Banducci, Professional Staff Member; Katherine Bathgate, Deputy Press Secretary; Owen Caine, Legislative Assistant; Molly Conway, Professional Staff Member; Ed Gilroy, Director of Workforce Policy; Benjamin Hoog, Senior Legislative Assistant; Nancy Locke, Chief Clerk; Brian Newell, Deputy Communications Director; Krisann Pearce, General Counsel; Molly McLaughlin Salmi, Deputy Director of Workforce Policy; Todd Spangler, Senior Health Policy Advisor; Alissa Strawcutter, Deputy Clerk; Joseph Wheeler, Professional Staff Member; Aaron Albright, Minority Communications Director for Labor; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Daniel Foster, Minority Fellow, Labor; Eunice Ikene, Minority Staff Assistant; Brian Levin, Minority Deputy Press Secretary/New Media Coordinator; Leticia Mederos, Minority Senior Policy Advisor; Michele Varnhagen, Minority Chief Policy Advisor/Labor Policy Director; Michael Zola, Minority Deputy Staff Director; and Mark Zuckerman, Minority Senior Economic Advisor.

Chairman ROE. A quorum being present, the joint hearing of the Subcommittee on Health, Employment, Labor, and Pensions and the Subcommittee on Workforce Protection will come to order.

I would like to thank my colleague from Michigan, Tim Walberg, the chairman of the Subcommittee on Workforce Protections for agreeing to hold this joint hearing on the "Employer Mandate: Examining the Delay and Its Effect on the Workplace."

Today we will have opening statements from the chairman and ranking members of each subcommittee. With that, I will recognize myself for my opening statement.

Good morning. First, let me welcome our colleagues from the Subcommittee on Workforce Protections. I would also like to thank our guests for being with us this morning. We have assembled an excellent panel of witnesses and look forward to your testimony.

Three weeks ago the American people were joining friends and family to celebrate the Fourth of July holiday and hotdogs and fireworks. Little did they know the Obama administration was about to set off some fireworks of its own.

Through a blog post on the Treasury Department's Web site, the administration announced it would delay for 1 year enforcement of a vital piece of the recent health care law; the employer mandate.

The delay provides workplaces a temporary reprieve from an onerous mandate; however, it does not alter the fact the law is fatally flawed. Regardless of when the employer mandate is implemented, it will destroy jobs and force Americans to accept part-time work when what they desperately need are full-time jobs.

That is why the House will continue to demand permanent relief for all Americans. In the meantime, we will conduct oversight of the President's decision and determine what it means for our nation's workplace. To that end, there are a number of questions that need to be answered.

For example, does the President have the authority to unilaterally delay enforcement of the law? It is well-recognized a President can decide not to enforce a law he believes is unconstitutional. Yet there is nothing in the President's decision to suggest he believes the employer mandate is unconstitutional.

Quite the opposite, President Obama signed the bill into law and his Justice Department defended the law before the Supreme Court. Can a President disregard the law because it is politically inconvenient or the federal bureaucracy is running behind schedule?

We also have to ask who was involved in this decision and when it was ultimately made. In June, Health and Human Services Secretary, Kathleen Sebelius, testified before the full committee that implementation of the law was proceeding along just fine.

The senior Democratic member of the committee responded to the secretary's testimony by saying, "This is all good news and stands in stark contrast to the claims we have been hearing from the other side for 3 years. Now is not the time to reverse course."

Yet weeks later the administration did just that by reversing course on a critical piece of the President's signature health care law. Was this a last minute decision with no coordination with other federal agencies?

Or was this a carefully orchestrated effort developed long before the decision was announced? Is the administration planning to reverse course on other aspects of the law?

We hoped that an administration official would provide answers to some of these questions. That is why Chairman Walberg and I invited Howard Shelanski, administrator for the Office of Management and Budget's Office of Information and Regulatory Affairs, to testify.

However, the OMB refused to make Mr. Shelanski available, stating his office was not involved in the employer mandate delay. It is troubling to learn an office in charge of overseeing federal regulatory policy wasn't involved in this monumental decision. It simply raises new questions. Congress and the American people deserve answers.

I look forward to our discussion, and I will recognize my distinguished colleague, Tim Walberg, the chairman of Workforce Protection Subcommittee for his opening remarks.

Mr. Walberg?

[The statement of Chairman Roe follows:]

Prepared Statement of Hon. Phil Roe, Chairman, Subcommittee on Health, Employment, Labor, and Pensions

Good morning. First let me welcome our colleagues from the Subcommittee on Workforce Protections. I would also like to thank our guests for being with us this morning. We have assembled an excellent panel of witnesses and we look forward to their testimony.

Three weeks ago the American people were joining friends and family to celebrate the July Fourth holiday with hotdogs and fireworks. Little did they know the Obama administration was about to set off some fireworks of its own. Through a blog post on the Treasury Department's website, the administration announced it would delay for one year enforcement of a vital piece of the recent health care law – the employer mandate.

The delay provides workplaces a temporary reprieve from an onerous mandate; however, it does not alter the fact the law is fatally flawed. Regardless of when the employer mandate is implemented, it will destroy jobs and force Americans to accept part-time work when what they desperately need are full-time jobs. That is why the House will continue to demand permanent relief for all Americans. In the meantime, we will conduct oversight of the president's decision and determine what it means for our nation's workplace. Toward that end, there are a number of questions that need to be answered.

For example, does the president have the authority to unilaterally delay enforcement of the law? It is well recognized a president can decide not to enforce a law he believes is unconstitutional. Yet there is nothing in the president's decision to suggest he believes the employer mandate is unconstitutional. Quite the opposite, President Obama signed the bill into law and his Justice Department defended the law before the Supreme Court. Can a president disregard the law because it's politically inconvenient or the federal bureaucracy is running behind schedule?

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Yet weeks later the administration did just that by reversing course on a critical piece of the president's signature health care law. Was this a last minute decision with no coordination with other federal agencies? Or was this a carefully orchestrated effort developed long before the decision was announced? Is the administration planning to "reverse course" on other aspects of the law?

We hoped an administration official would provide answers to some of these questions. That is why Chairman Walberg and I invited Howard Shelanski, administrator for the Office of Management and Budget's Office of Information and Regu-

latory Affairs, to testify. However, OMB refused to make Mr. Shelanski available, stating his office was not involved in the employer mandate delay. It is troubling to learn an office in charge of overseeing federal regulatory policy wasn't involved in this monumental decision, and it simply raises new questions. Congress and the American people deserve answers.

With that, I will now recognize my distinguished colleague Representative Andrews, the senior Democratic member of the subcommittee, for his opening remarks.

Mr. WALBERG. Thank you, Mr. Chairman.

Good morning.

I appreciate the chairman for presiding over this joint hearing and express my appreciation to our witnesses for sharing their expertise and their time with us today.

We are well-acquainted with the challenges surrounding the employer mandate, which forces businesses to provide government-approved health insurance or pay higher taxes.

It seems with each passing day there are new reports of employers facing tough choices thanks to this particular provision in the health care law. The mandate applies to businesses with 50 or more full-time workers and defines such workers as employees who work 30 or more hours.

Our two subcommittees have broad jurisdiction over policies governing employee and employer relations. I can't think of another federal law that considers full-time work as 30 hours.

In fact, the Fair Labor Standards Act established the 40-hour work week for the purposes of federal overtime requirements, and it has been a hallmark of America's workplace for 75 years. Yet the health care law took a different approach, creating a perverse incentive for businesses to cut hours to avoid higher taxes.

Today roughly 12 million Americans are unemployed; many in my district. More than 8 million individuals are working part-time hours but need a full-time job. According to Mort Zuckerman, editor in chief of the U.S. News and World Report, the President's health care law shares some of the blame.

In a recent op-ed in the Wall Street Journal, Zuckerman describes the growing reliance on part-time workers and writes this and I quote—"Little wonder that earlier this month the Obama administration announced it is postponing the employer mandate until 2015, undoubtedly to see if the delay will encourage more full-time hiring."

Mr. Zuckerman goes on to explain again, and I quote—"But thousands of small businesses have been capping employment at 30 hours and not hiring more than 50 full-timers, and the businesses are unlikely to suddenly change that approach just because they received a 12-month reprieve."

I ask unanimous consent to submit for the record the op-ed of Mort Zuckerman.

[The information follows:]



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OPINION | July 15, 2013, 7:09 p.m. ET

Mort Zuckerman: A Jobless Recovery Is a Phony Recovery

More people have left the workforce than got a new job during the recovery—by a factor of nearly three.

By MORTIMER ZUCKERMAN

In recent months, Americans have heard reports out of Washington and in the media that the economy is looking up—that recovery from the Great Recession is gathering steam. If only it were true. The longest and worst recession since the end of World War II has been marked by the weakest recovery from any U.S. recession in that same period.

The jobless nature of the recovery is particularly unsettling. In June, the government's Household Survey reported that since the start of the year, the number of people with jobs increased by 753,000—but there are jobs and then there are "jobs." No fewer than 557,000 of these positions were only part-time. The survey also reported that in June full-time jobs declined by 240,000, while part-time jobs soared by 360,000 and have now reached an all-time high of 28,059,000—three million more part-time positions than when the recession began at the end of 2007.

That's just for starters. The survey includes part-time workers who want full-time work but can't get it, as well as those who want to work but have stopped looking. That puts the real unemployment rate for June at 14.3%, up from 13.8% in May.

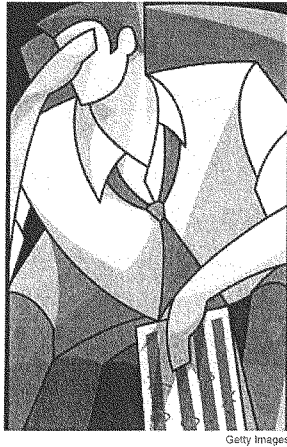
The 7.6% unemployment figure so common in headlines these days is utterly misleading. An estimated 22 million Americans are unemployed or underemployed; they are virtually invisible and mostly excluded from unemployment calculations that garner headlines.

At this stage of an expansion you would expect the number of part-time jobs to be declining, as companies would be doing more full-time hiring. Not this time. In the long misery of this post-recession period, we have an extraordinary situation: Americans by the millions are in part-time work because there are no other employment opportunities as businesses increase their reliance on independent contractors and part-time, temporary and seasonal employees.

Even the federal government payroll is turning to part-timers: In June 2012, 58,000 federal workers were part-timers. This year it's 148,000, and we still don't know how the budget sequester will play out, for many agencies have resorted to furloughs rather than layoffs.

The latest unemployment report was as underwhelming as the Household Survey. The biggest gains in June came from leisure and hospitality industries, including hotels and fast-food restaurants. Of the 195,000 new payroll jobs, 75,000 were in restaurants and bars, where the average weekly paycheck is about \$351, less than half the average for all other private industries. Not to mention

that these positions offer fewer hours, especially in the restaurant world, which has averaged 26.1 hours per week versus 34.5 hours for all private employers.



What's going on? The fundamentals surely reflect the feebleness of the macroeconomic recovery that began roughly four years ago, as seen in an average gross domestic product growth rate annualized over the past 15 quarters at a miserable 2%. That's the weakest GDP growth since World War II. Over a similar period in previous recessions, growth averaged 4.1%. During the fourth quarter of 2012 and the first quarter of 2013, the GDP growth rate dropped below 2%. This anemic growth is all we have to show for the greatest fiscal and monetary stimuli in 75 years, with fiscal deficits of over 10% of GDP for four consecutive years. The misery is not going to end soon.

ObamaCare is partially to blame. The health-insurance law requires employers with more than 50 workers to provide health insurance or pay a \$2,000 penalty per worker. Under the law, a full-time job is defined as 30 hours a week, so businesses, especially smaller ones, have an incentive to bring on more part-time workers.

Little wonder that earlier this month the Obama administration announced it is postponing the employer mandate until 2015, undoubtedly to see if the delay will encourage more full-time hiring. But thousands of small businesses have been capping employment at 30 hours and not hiring more than 50 full-timers, and the businesses are unlikely to suddenly change that approach just because they received a 12-month reprieve.

These businesses' hesitation to hire is part of a larger caution among employers unsure about the direction of government policy—and which has helped contribute to chronic long-term unemployment that shows no sign of easing. Unlike those who lose a job and then find another one in a matter of weeks or months, fully a third of the currently unemployed have been out of work for more than six months. As they remain out of the workforce, their skills deteriorating, the likelihood rises that they will be seen as permanently unemployable. With each passing month of bleak job news, the possibility increases of a structural unemployment problem in the U.S. such as Europe experienced in the 1980s.

That brings us to a stunning fact about the jobless recovery: The measure of those adults who can work and have jobs, known as the civilian workforce-participation rate, is currently 63.5%—a *drop* of 2.2% since the recession ended. Such a decline amid a supposedly expanding economy has never happened after previous recessions. Another statistic that underscores why this is such a dysfunctional labor market is that the number of people leaving the workforce during this economic recovery has actually outpaced the number of people finding a new job by a factor of nearly three.

What the country clearly needs are policies that will encourage the modernization of America's capital stock, where investment in modern production has plunged to the lowest levels in decades. Policies should also be targeted to nourish high-tech industries, which will in turn inspire the design and manufacture of products in the U.S. where they would be closer to the American market, spurring more hiring. This means preparing a skilled workforce, especially engineers suitable to work in manufacturing, and increasing the number of visas available to foreign graduate students in

the hard sciences—who are now forced to leave America and who then work for foreign competitors.

Similarly, patent-application processing must be streamlined: The U.S. Patent and Trademark Office should be a channel for innovation, but instead has for too long been an impediment to the swift introduction of new ideas. Finally, the country should engage in a major infrastructure program to improve airports as America once did for railroads and highways. Air cargo and air travel are linchpins of the economy, yet air-traffic-control technology is stuck in the last century.

It is imperative that the U.S. focus on innovative and creative policies. Otherwise, the five-year crisis in employment will continue even when the economy seems to be recovering. Without such a focus, millions of American families whose breadwinners are unemployed or underemployed will remain dispirited and apprehensive about the future, especially the young who are entering the workforce. The country needs a real recovery, not a phony one.

Mr. Zuckerman is chairman and editor in chief of U.S. News & World Report.

A version of this article appeared July 16, 2013, on page A15 in the U.S. edition of The Wall Street Journal, with the headline: A Jobless Recovery Is a Phony Recovery.

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Chairman ROE. Without objection, so ordered.

Mr. WALBERG. Thank you, Chairman Roe.

The decision to delay enforcement of the employer mandate is the confirmation that the law is in fact, and I quote a senator, “A train wreck”. Republicans have long-cited the failings in the law and our concerns have been dismissed as political rhetoric.

Yet the more we learn about the law, the more problems we encounter and the bigger the opposition grows. Even union leaders, once strong supporters of the law, are beginning to realize it is hurting workers.


In a statement released in April, the union, United Union of Roofers, Waterproofers, and Allied Workers called for “repeal or complete reform,” of President Obama’s health care law.

According to union President Kinsey Robinson, and I quote—“In the rush to achieve its passage, many of the act’s provisions were not fully conceived, resulting in unintended consequences that are inconsistent with the promise that those who were satisfied with their employer-sponsored coverage could keep it.”

Mr. Chairman, I ask unanimous consent this statement be included in the hearing record.

[The information follows:]

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**UNITED UNION OF ROOFERS,
WATERPROOFERS AND ALLIED WORKERS**

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IMMEDIATE RELEASE:
APRIL 24, 2013


**WASHINGTON, DC—ROOFERS
AFFORDABLE CARE ACT**

Cites Loss of Benefits to Members
Health Plans



facebook

Name:
United Union of
Roofers,
Waterproofer &
Allied Workers
Status:
Happy 4th of July,
America!



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ABOUT US
EDUCATION & TRAINING
ORGANIZING
POLITICAL ACTION
**DISTRICT COUNCILS
& LOCAL UNIONS**
LABOR & MANAGEMENT
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Multi-employer

Washington, DC – United Union of Roofers, Waterproofer and Allied Workers International President Kinsey M. Robinson issued the following statement on April 16, 2013, calling for a repeal or complete reform of President Obama's Affordable Care Act (ACA).

Our Union and its members have supported President Obama and his Administration for both of his terms in office.

But regrettably, our concerns over certain provisions in the ACA have not been addressed, or in some instances, totally ignored. In the rush to achieve its passage, many of the Act's provisions were not fully conceived, resulting in unintended consequences that are inconsistent with the promise that those who were satisfied with their employer sponsored coverage could keep it.


These provisions jeopardize our multi-employer health plans, have the potential to cause a loss of work for our members, create an unfair bidding advantage for those contractors who do not provide health coverage to their workers, and in the worst case, may cause our members and their families to lose the benefits they currently enjoy as participants in multi-employer health plans.

For decades, our multi-employer health and welfare plans have provided the necessary medical coverage for our members and their families to protect them in times of illness and medical needs. This collaboration between labor and management has been a model of success that should be emulated rather than ignored. I refuse to remain silent, or idly watch as the ACA destroys those protections.

I am therefore calling for repeal or complete reform of the Affordable Care Act to protect our employers, our industry, and our most important asset: our members and their families.

[back]

ROOFERS CODE OF CONDUCT



HELMETS TO HARDHATS

IMPORTANT DATES

PARA ESPAÑOL OPRIMA AQUI

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7/22/2013

Chairman ROE. Without objection.

Mr. WALBERG. I thank the chairman.

Just recently officials with the International Brotherhood of Teamsters, United Food and Commercial Workers, and the UNITE-HERE warned democrat leaders that without changes the law and I quote—"Will shatter not only our hard-earned health benefits, but destroy the foundation of the 40-hour work week that is the backbone of the American middle class."

The union representatives continued, and I quote—"We can no longer stand silent in the face of elements of the Affordable Care Act that will destroy the very health and well-being of our members along with millions of other hardworking Americans."

I ask unanimous consent this letter be inserted in the record.

[The information follows:]



**UNITE
HERE!**

July 11, 2013

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Leader Reid and Leader Pelosi:

When you and the President sought our support for the Affordable Care Act (ACA), you pledged that if we liked the health plans we have now, we could keep them. Sadly, that promise is under threat. Right now, unless you and the Obama Administration enact an equitable fix, the ACA will shatter not only our hard-earned health benefits, but destroy the foundation of the 40 hour work week that is the backbone of the American middle class.

Like millions of other Americans, our members are front-line workers in the American economy. We have been strong supporters of the notion that all Americans should have access to quality, affordable health care. We have also been strong supporters of you. In campaign after campaign we have put boots on the ground, gone door-to-door to get out the vote, run phone banks and raised money to secure this vision.

Now this vision has come back to haunt us.

Since the ACA was enacted, we have been bringing our deep concerns to the Administration, seeking reasonable regulatory interpretations to the statute that would help prevent the destruction of non-profit health plans. As you both know first-hand, our persuasive arguments have been disregarded and met with a stone wall by the White House and the pertinent agencies. This is especially stinging because other stakeholders have repeatedly received successful interpretations for their respective grievances. Most disconcerting of course is last week's huge accommodation for the employer community—extending the statutorily mandated "December 31, 2013" deadline for the employer mandate and penalties.

Time is running out: Congress wrote this law; we voted for you. We have a problem; you need to fix it. The unintended consequences of the ACA are severe. Perverse incentives are already creating nightmare scenarios:

First, the law creates an incentive for employers to keep employees' work hours below 30 hours a week. Numerous employers have begun to cut workers' hours to avoid this obligation, and many of them are doing so openly. The impact is two-fold: fewer hours means less pay while also losing our current health benefits.

Page 2
July 11, 2013

Second, millions of Americans are covered by non-profit health insurance plans like the ones in which most of our members participate. These non-profit plans are governed jointly by unions and companies under the Taft-Hartley Act. Our health plans have been built over decades by working men and women. Under the ACA as interpreted by the Administration, our employees will be treated differently and not be eligible for subsidies afforded other citizens. As such, many employees will be relegated to second-class status and shut out of the help the law offers to for-profit insurance plans.

And finally, even though non-profit plans like ours won't receive the same subsidies as for-profit plans, they'll be taxed to pay for those subsidies. Taken together, these restrictions will make non-profit plans like ours unsustainable, and will undermine the health-care market of viable alternatives to the big health insurance companies.

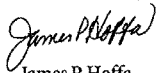
On behalf of the millions of working men and women we represent and the families they support, we can no longer stand silent in the face of elements of the Affordable Care Act that will destroy the very health and well-being of our members along with millions of other hardworking Americans.

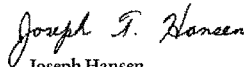
We believe that there are common-sense corrections that can be made within the existing statute that will allow our members to continue to keep their current health plans and benefits just as you and the President pledged. Unless changes are made, however, that promise is hollow.

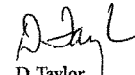
We continue to stand behind real health care reform, but the law as it stands will hurt millions of Americans including the members of our respective unions.

We are looking to you to make sure these changes are made.

Thank you.


James P. Hoffa
General President
International Brotherhood of Teamsters


Joseph Hansen
International President
UFCW


D. Taylor
President
UNITE-HERE

Chairman ROE. Without objection, so ordered.

Mr. WALBERG. Thank you.

Finally, earlier this month the International Brotherhood of Electrical Workers and the National Electrical Contractors Association wrote to Chairman Kline, and they said this: "We cannot afford to sit on the sidelines as this law imposes increased benefit costs, fees, and new taxes on our plans. In addition, the health care law exempts all employers with less than 50 employees from offering health care coverage. This creates a vast competitive disadvantage for the 4,500 National Electrical Contractors Association contractors nationwide that responsibly provide coverage for their employees."

I again ask unanimous consent that this letter be inserted into the record.

[The information follows:]



July 18, 2013

The Honorable John Kline
U.S. House of Representatives
2439 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Kline:

On behalf of the International Brotherhood of Electrical Workers (IBEW) and the National Electrical Contractors Association (NECA), we write jointly as labor and management to express our concerns over the impact multiple provisions of the Patient Protection and Affordable Care Act (herein referred to as ACA) will have on multiemployer health plans. Multiemployer health plans were established as a way to provide benefits at the lowest cost possible in the best interest of both employees and employers. For over 65 years multiemployer health plans have provided affordable quality coverage for American workers. Unfortunately, implementation of the ACA is jeopardizing multiemployer plans and the individuals the plans cover. We believe it will be impossible for our funds to survive if the administration continues ACA implementation.

We cannot afford to sit on the sidelines as this law imposes increased benefit costs, fees, and new taxes on our plans. In addition, the ACA exempts all employers with less than 50 employees from offering health care coverage. This creates a vast competitive disadvantage for the 4,500 NECA contractors nationwide that responsibly provide coverage for their employees.

If these concerns are not addressed, it is likely that the majority of multiemployer health plans will dissolve and the 26 million covered individuals will lose the plans they were promised they could keep as they will be forced into the healthcare exchanges. We are asking Congress to enact reforms to the ACA that would reduce the employer mandate threshold to include our competition. In addition, we urge you to call on the administration to propose regulations that will lessen the negative impact on multiemployer plans already providing good coverage to employees. Congress still has the opportunity to build bipartisan support to improve the law by modifying sections of the act.

If Congress does not act soon, it will be too late to undo the damage. Now is the time to truly reform our healthcare system. The IBEW and NECA are prepared to do everything they can to work with you to find a resolution to this serious problem.

Sincerely,

Edwin D. Hill
International President
International Brotherhood of Electrical Workers

John M. Grau
Chief Executive Officer
National Electrical Contractors Association

EDH/JMG:lgd

Chairman ROE. Without objection.

Mr. WALBERG. Thank you.

I believe we can do better than misguided policies that destroy full-time jobs. As public opposition grows, I am hopeful we can repeal the law and begin developing solutions that will lower health care costs and provide new opportunities for America's workers.

Thank you again, Mr. Chairman, for holding this hearing, and I yield back.

[The statement of Mr. Walberg follows:]

Prepared Statement of Hon. Tim Walberg, Chairman, Subcommittee on Workforce Protections

Good morning. I want to thank Chairman Roe for presiding over this joint hearing and express my appreciation to our witnesses for sharing their expertise with us today.

We are well acquainted with the challenges surrounding the employer mandate, which forces businesses to provide government-approved health insurance or pay higher taxes. It seems with each passing day there are new reports of employers facing tough choices thanks to this particular provision in the health care law. The mandate applies to businesses with 50 or more full-time workers and defines such workers as employees who work 30 or more hours per work.

Our two subcommittees have broad jurisdiction over policies governing employee and employer relations. I can't think of another federal law that considers full-time work as 30 hours. In fact, the Fair Labor Standards Act established the 40-hour work week for the purposes of federal overtime requirements, and it has been a hallmark of America's workplaces for 75 years. Yet the health care law took a different approach, creating a perverse incentive for businesses to cut hours to avoid higher taxes.

Today roughly 12 million Americans are unemployed; more than 8 million individuals are working part-time hours but need a full-time job. According to Mort Zuckerman, editor in chief of U.S. News and World Report, the president's health care law shares some of the blame. In a recent op-ed in the Wall Street Journal, Zuckerman describes the growing reliance on part-time workers and writes, "Little wonder that earlier this month the Obama administration announced it is postponing the employer mandate until 2015, undoubtedly to see if the delay will encourage more full-time hiring."

Mr. Zuckerman goes on to explain, "But thousands of small businesses have been capping employment at 30 hours and not hiring more than 50 full-timers, and the businesses are unlikely to suddenly change that approach just because they received a 12-month reprieve."

I ask unanimous consent to submit for the record the op-ed by Mort Zuckerman.

[Chairman Roe: "Without objection."]

Thank you, Chairman Roe.

The decision to delay enforcement of the employer mandate is the confirmation that the law is in fact a "train wreck." Republicans have long cited the failings in the law and our concerns have been dismissed as political rhetoric. Yet the more we learn about the law, the more problems we encounter and the bigger the opposition grows. Even union leaders – once strong supporters of the law – are beginning to realize it's hurting workers.

In a statement released in April, the United Union of Roofers, Waterproofers and Allied Workers called for "repeal or complete reform" of President Obama's health care law. According to union President Kinsey Robinson, "In the rush to achieve its passage, many of the act's provisions were not fully conceived, resulting in unintended consequences that are inconsistent with the promise that those who were satisfied with their employer sponsored coverage could keep it."

Mr. Chairman, I ask unanimous consent this statement be included in the hearing record.

[Chairman Roe: "Without objection."]

Thank you, Mr. Chairman.

Just recently officials with the International Brotherhood of Teamsters, United Food and Commercial Workers, and UNITE-HERE warned Democratic leaders that without changes the law "will shatter not only our hard-earned health benefits, but destroy the foundation of the 40 hour work week that is the backbone of the American middle class." The union representatives continued, "We can no longer stand silent in the face of elements of the Affordable Care Act that will destroy the very

health and well-being of our members along with millions of other hardworking Americans.”

I ask unanimous consent this letter be inserted into the record.

[Chairman Roe: “Without objection.”]

Thank you, Chairman Roe.

Finally, earlier this month the International Brotherhood of Electrical Workers and the National Electrical Contractors Association wrote to Chairman Kline, “We cannot afford to sit on the sidelines as this law imposes increased benefit costs, fees, and new taxes on our plans. In addition, [the health care law] exempts all employers with less than 50 employees from offering health care coverage. This creates a vast competitive disadvantage for the 4,500 NECA contractors nationwide that responsibly provide coverage for their employees.”

I ask unanimous consent this letter be inserted into the record.

[Chairman Roe: “Without objection.”]

Thank you, Mr. Chairman.

I believe we can do better than misguided policies that destroy full-time jobs. As public opposition grows, I am hopeful we can repeal the law and begin developing solutions that will lower health care costs and provide new opportunities for America’s workers. Thank you again Mr. Chairman for holding this hearing.

Chairman ROE. Thank you for yielding.

I will now recognize Mr. Andrews, the ranking member, for his opening statement.

Mr. ANDREWS. Thank you, Mr. Chairman and Chairman Walberg.

I am pleased to be joined by my friend Joe Courtney who is the ranking Democrat on his subcommittee.

I read the rest of Mr. Zuckerman’s article that just got put into the record, and I want to read a part of it.

He talks about his concerns about the health care law and then he says, and I am quoting—“What the country clearly needs are policies that will encourage the modernization of America’s capital stock where investment in modern production has plunged to the lowest level in decades. Policy should also be targeted to nourish high tech industries, which in turn will inspire the design and manufacture of products in the United States. This means preparing a skilled workforce, especially engineers, suitable to work in manufacturing and increasing the number of visas available for foreign graduate students.”

This I assume is the predicate to the 39th attempt to repeal the health care law. So far, the majority is 0–38. Now there are some other issues confronting the country as Mr. Zuckerman talks about: skilled workers to make our economy grow.

Last week, the majority brought to the House floor an education bill that was opposed by the U.S. Chamber of Commerce because the Chamber of Commerce said it basically watered down standards and did not encourage the kind of skills American students need.

An immigration bill that is broadly supported by business, law enforcement, evangelicals, civil rights communities, many others across the country that won 68 votes in the United States Senate sits stagnant in this body.

As of now, there is no plan to move any kind of immigration bill to the floor that would in Mr. Zuckerman’s words, “Increase the number of visas available to foreign graduate students.”

So we are back again with half of an effort in which the majority criticizes what it does not like in the Affordable Care Act and that is what this morning I assume will be devoted to.

It ought to be devoted to the second half of the effort though, and I am going to read from an article from Associated Press from last Friday.

“Three years after campaigning on a vow to repeal and replace President Obama’s health care law, House Republicans have yet to advance an alternative for the system they have voted more than three dozen times to abolish in whole or in part.”

My friend from Michigan just said he hopes we can, quote—“begin working” on an alternative.

Officially the effort is quote—“in progress,” and has been since January 19, 2011, according to gop.gov, a leadership-run Web site, but internal divisions, disagreement about political tactics, and the President’s 2012 reelection add up to uncertainty over whether Republicans will vote on a plan of their own before the 2014 elections, or if not by then, perhaps before the President leaves office more than 6 years after the original promise.

Now, ladies and gentlemen, I think we have a choice today. We can engage in yet another session where people say what they do not like about the Affordable Care Act, and that has value, but even if you don’t like the Affordable Care Act, that only does half the job.

And I would challenge each of the witnesses, if they in fact are opposed to the Affordable Care Act, and my friends on the Committee who are opposed to the act tell us what you would do instead.

What is your plan?

What is your plan to reduce health care costs? What is your plan to insure tens of millions of uninsured Americans? What is your plan to ensure greater consumer protections in the insurance industry? What is your plan to improve the quality of health care delivery in the United States of America? We would love to hear it.

So I am sure we will—I read the written statements. They are all very good. I would certainly consent to them being put in the record in their entirety, and I would invite the witnesses—wing it. Tell us what you would do instead to make things better.

I yield back.

Chairman ROE. I thank the gentleman for yielding.

I would now like to recognize Mr. Courtney for his opening statement.

Mr. COURTNEY. Thank you, Chairman Roe.

And thank you to the witnesses for being here this morning.

Again, the chairman’s opening comments talked in kind of dark foreboding terms about whether or not President Obama overreached constitutionally in terms of the postponement of the employer mandate tax.

I would encourage all of my colleagues—as well as anyone listening—it would be helpful to just maybe pick up the phone and call the Congressional Research Service and ask them whether or not the IRS has the authority to postpone statutorily defined programs and whether or not they have done it in recent years.

And the fact of the matter is the answer will be the report which I am holding in my hand which shows that four times in just recent years, the last 2 years, the IRS has postponed implementation of IRS programs, some under the Bush administration, some under

the Obama administration, again, it is well-established law under the U.S. Code 7805, that the IRS has that authority.

In this instance, after soliciting comments from employer groups all across the country, they made what I think was a commonsense decision which is that the definition of a 30-hour employee, seasonal employees was frankly still elusive and again, using well-established authority they delayed and postponed.

And I would ask unanimous consent to have the CRS report admitted to the record.

[The information follows:]



MEMORANDUM

July 16, 2013

To: Honorable Joe Courtney
Attention: Maija Welton

From: Erika K. Lunder, Legislative Attorney, 7-4538
Carol A. Pettit, Legislative Attorney, 7-9496

Subject: Recent Examples of IRS Postponement of Statutory Effective Dates

This memorandum responds to your request for examples of instances in which the Internal Revenue Service (IRS) has postponed statutorily imposed effective dates.¹ This memorandum does not discuss the July 2013 announcement by the Obama Administration to delay implementation of the employer reporting responsibility requirements in the Patient Protection and Affordable Care Act.² Four recent examples where the Treasury Department, through IRS, has postponed statutorily imposed effective dates are detailed in this memorandum.

1. The IRS postponed the effective date for a requirement that federal and state governments, along with their political subdivisions and instrumentalities, withhold 3% of payments to persons providing property or services.³ The 2006 law imposing the requirement stated the withholding provision “shall apply to payments made after December 31, 2010.”⁴ In 2008, the IRS issued proposed regulations that would “generally be effective for payments made after the later of December 31, 2010, or the date that is 6 months after the publication of final regulations.”⁵ In 2009, and prior to the regulations being finalized, Congress extended the effective date in the original Act, from December 31, 2010, to December 31, 2011.⁶ In May 2011, the IRS issued final regulations, which provided that the withholding requirements would “apply to payments made after December 31, 2012.”⁷ The IRS explained the reasons for the postponed effective date:

¹ Information in this memorandum is drawn from publicly available sources and is of general interest to Congress. As such, all or part of this information may be provided in memoranda or reports for general distribution to the Congress. Your confidentiality as a requester will be preserved in any case.

² IRC § 4980H. For further discussion, see CRS Report WSLG582, *Obama Administration Delays Implementation of ACA’s Employer Responsibility Requirements: A Brief Legal Overview*, by Jennifer A. Staman, Daniel T. Shedd, and Edward C. Liu.

³ P.L. 109-222 (“Tax Increase Prevention and Reconciliation Act of 2005”), § 511 (was to be codified at IRC § 3402(t)).

⁴ P.L. 109-222, § 511(b).

⁵ Dep’t of the Treasury, IRS, *Notice of Proposed Rulemaking, Withholding Under Internal Revenue Code Section 3402(t)*, 73 Fed. Reg. 74,082, 74,090 (Dec. 5, 2008).

⁶ P.L. 111-5 (“American Recovery and Reinvestment Act of 2009”), § 1511.

⁷ Dep’t of the Treasury, IRS, *Final Regulations, Extension of Withholding to Certain Payments Made by Government Entities*, 76 Fed. Reg. 26,583, 26,584 (May 9, 2011).

Numerous commenters indicated that an extended period of time following the issuance of final regulations would be necessary for government entities to adopt the systems and processes necessary to comply with the § 3402(t) withholding and related reporting requirements. Noting the necessity to formulate government acquisition rules that are consistent with the final regulations, as well as the infrastructure needed to apply those rules, some commenters stated that government entities would need at least 18 months from the issuance of final regulations under section 3402(t) to be able to comply.

In response to these practical considerations, the final regulations provide that the withholding and reporting requirements under these regulations apply to payments made after December 31, 2012, subject to an existing contract exception....With respect to payments before January 1, 2013, government entities are not required to apply section 3402(t) withholding and the related reporting, and accordingly will not be subject to any liability, penalties or interest for failure to do so.⁸

In November 2011, Congress repealed the 3% withholding requirement, so it never went into effect.⁹

2. The IRS provided a transitional period for the electronic filing mandate¹⁰ enacted by the Worker, Homeownership, and Business Assistance Act of 2009.¹¹ As a result, the effective date of the provision was postponed for one year for preparers who anticipated filing more than 10 but fewer than 100 returns during calendar year 2011.

As enacted, the provision generally required that tax return preparers who anticipated filing more than 10 individual tax returns during a calendar year must file those returns on magnetic media. The requirement was statutorily effective for returns filed after December 31, 2010. However, on December 2, 2010, the IRS issued both a notice and proposed regulation postponing the electronic filing mandate for those otherwise affected preparers who anticipated filing fewer than 100 individual tax returns.¹² Those preparers generally would only be required to electronically file returns that they filed after December 31, 2011. The reason given for the transition period was “to promote the effective and efficient administration of the electronic filing requirement in section 6011(e)(3).”¹³ The final regulation basically adopted the proposed regulation and was effective March 30, 2011.¹⁴

3. The IRS has extended various deadlines under the Foreign Account Tax Compliance Act (FATCA).¹⁵ FATCA imposes reporting, withholding, and other requirements on certain foreign financial institutions (FFIs) and payments. The 2010 law enacting FATCA provides that, in general, “the amendments made by this section shall apply to payments made after December 31, 2012.”¹⁶ In July 2011, the IRS released a notice that provided a timeline for implementing some of the Act’s requirements.¹⁷ For example, the notice provided that certain reporting requirements would start in 2014, and that the withholding

⁸ *Id.* at 26,593.

⁹ P.L. 112-56 (“3% Withholding Repeal and Job Creation Act”), § 102.

¹⁰ IRC § 6011(e)(3).

¹¹ P.L. 111-92, § 17.

¹² IRS Notice 2010-85, 2010-2 C.B. 877, available at <http://www.irs.gov/pub/irs-drop/n-10-85.pdf>; Prop. Treas. Reg. § 301-6011-6 (all references in the notice are to this proposed regulation section; however, attempts to retrieve relevant text using this information have been unsuccessful).

¹³ IRS Notice 2010-85.

¹⁴ Treas. Reg. § 301.6011-7.

¹⁵ IRC §§ 1471-1474.

¹⁶ P.L. 111-147 (“Hiring Incentives to Restore Employment Act”), Title V, Subtitle A, § 501(d) (codified at IRC § 1471 note).

¹⁷ IRS Notice 2011-53, 2011-2 C.B. 124.

requirements would begin on January 1, 2014, and be fully phased in on January 1, 2015. The notice explained the reasons for the phased-in implementation:

Treasury and the IRS have received numerous comments concerning the practical difficulties in implementing aspects of the Chapter 4 rules within the time frames provided in the Act and under Notice 2010-60 and Notice 2011-34. The challenges identified relate to the time to develop compliance, reporting, and withholding systems necessary to comply with Chapter 4 and the implementing notices. In addition, a number of stakeholders have noted that complying with certain provisions may require coordination with a number of foreign governments. Treasury and the IRS have met with stakeholders and foreign governments to understand the specific administrative and legal challenges that must be addressed and the time necessary to do so. While the Act provides that the provisions of Chapter 4 are effective beginning in 2013, Treasury and the IRS have determined that because Chapter 4 creates the need for significant modifications to the information management systems of FFIs, withholding agents, and the IRS, it is reasonable for regulations to provide for a phased implementation of the various provisions of Chapter 4.¹⁸

The IRS subsequently issued proposed regulations in February 2012,¹⁹ and in October 2012 released an announcement that extended an additional deadline, citing to practical concerns with the proposed regulations' time frames.²⁰ The announcement explained that:

The Treasury Department and the IRS have received comments identifying certain practical issues in implementing the chapter 4 rules within the time frames prescribed in the proposed regulations. In particular, comments have noted that the chapter 4 status of entity account holders may change during 2013 as FFIs enter into FFI agreements with the IRS, with the result that withholding agents that put in place new account opening procedures by January 1, 2013, could be required to undertake duplicative efforts to verify an FFI's status as a participating, deemed-compliant, or nonparticipating FFI. Furthermore, comments have indicated that global financial institutions intend to implement uniform due diligence procedures for all affiliates. Accordingly, these comments have suggested aligning the timelines for due diligence for U.S. withholding agents, FFIs in countries with Intergovernmental Agreements, and FFIs in countries without Intergovernmental Agreements in order to significantly reduce administrative burden.²¹

On July 13, 2013, the IRS issued another notice, which extended the effective date for withholding on some payments to July 1, 2014.²²

4. The IRS extended the effective date of legislation that had provided for retroactive application of several aviation-related taxes. On July 23, 2011, the federal excise taxes on amounts paid for air transportation of people and property²³ expired,²⁴ and the tax rates on aviation fuel and gasoline²⁵ were reduced.²⁶ The Airport and Airway Extension Act of 2011, enacted into law on August 5, 2011, extended

¹⁸ *Id.*

¹⁹ Dep't of the Treasury, IRS, *Notice of Proposed Rulemaking, Regulations Relating to Information Reporting by Foreign Financial Institutions and Withholding on Certain Payments to Foreign Financial Institutions and Other Foreign Entities*, 77 Fed. Reg. 9,022 (Feb. 15, 2012).

²⁰ IRS Announcement 2012-42, 2012-47 I.R.B. 561.

²¹ *Id.*

²² IRS Notice 2013-43, 2013 I.R.B. LEXIS 381.

²³ IRC §§ 4261, 4271.

²⁴ P.L. 112-21 ("Airport and Airway Extension Act of 2011, Part III"), § 2(b).

²⁵ IRC § 4081.

²⁶ P.L. 112-21 ("Airport and Airway Extension Act of 2011, Part III"), § 2(a).

the two taxes and the prior rates, retroactive back to July 23, 2011.²⁷ On August 5, 2011, the IRS announced that it would not require the payment or collection of the two air transportation taxes until August 8, 2011, due to the administrative burden that would arise from requiring payment and collection on past purchases, and would provide penalty relief for taxpayers paying the fuel taxes until that same day.²⁸

²⁷ P.L. 112-27 ("Airport and Airway Extension Act of 2011, Part IV"), § 2.

²⁸ IRS Notice 2011-69, 2011-2 C.B. 445.

Chairman ROE. Without objection.

Mr. COURTNEY. Thank you, Mr. Chairman.

In the meantime, events continue to chug along. The New York exchange announced last week and the headline in the New York Times is "Health plan costs for New Yorkers set to fall by 50 percent."

Somebody who was a small employer just a very short time ago, that would be news that we would greet with great celebration, and again, without a mandate, people can shop now with a coherent, understandable marketplace and make those decisions for themselves and their employees.

In the Hartford Current, where I come from in the state of Connecticut, federal health officials' rates on public exchanges are lower than expected, which again is the filings that we have in the state of Connecticut, again I would ask that these two articles also be admitted to the record with unanimous consent.

[The information follows:]

The New York Times

July 16, 2013

Health Plan Cost for New Yorkers Set to Fall 50%

By **RONI CARYN RABIN** and **REED ABELSON**

Individuals buying health insurance on their own will see their premiums tumble next year in New York State as changes under the federal health care law take effect, Gov. Andrew M. Cuomo announced on Wednesday.

State insurance regulators say they have approved rates for 2014 that are at least 50 percent lower on average than those currently available in New York. Beginning in October, individuals in New York City who now pay \$1,000 a month or more for coverage will be able to shop for health insurance for as little as \$308 monthly. With federal subsidies, the cost will be even lower.

Supporters of the new health care law, the Affordable Care Act, credited the drop in rates to the online purchasing exchanges the law created, which they say are spurring competition among insurers that are anticipating an influx of new customers. The law requires that an exchange be started in every state.

"Health insurance has suddenly become affordable in New York," said Elisabeth Benjamin, vice president for health initiatives with the Community Service Society of New York. "It's not bargain-basement prices, but we're going from Bergdorf's to Filene's here."

"The extraordinary decline in New York's insurance rates for individual consumers demonstrates the profound promise of the Affordable Care Act," she added.

Administration officials, long confronted by Republicans and other critics of President Obama's signature law, were quick to add New York to the list of states that appear to be successfully carrying out the law and setting up exchanges.

"We're seeing in New York what we've seen in other states like California and Oregon — that competition and transparency in the marketplaces are leading to affordable and new choices for families," said Joanne Peters, a spokeswoman for the Department of Health and Human Services.

The new premium rates do not affect a majority of New Yorkers, who receive insurance through their employers, only those who must purchase it on their own. Because the cost of individual coverage has soared, only 17,000 New Yorkers currently buy insurance on their own. About 2.6 million are uninsured in New York State.

State officials estimate as many as 615,000 individuals will buy health insurance on their own in the first few years the health law is in effect. In addition to lower premiums, about three-quarters of those people will be eligible for the subsidies available to lower-income individuals.

"New York's health benefits exchange will offer the type of real competition that helps drive down health insurance costs for consumers and businesses," said Mr. Cuomo.

The plans to be offered on the exchanges all meet certain basic requirements, as laid out in the law, but are in four categories from most generous to least: platinum, gold, silver and bronze. An individual with annual income of \$17,000 will pay about \$55 a month for a silver plan, state regulators said. A person with a \$20,000 income will pay about \$85 a month for a silver plan, while someone earning \$25,000 will pay about \$145 a month for a silver plan.

The least expensive plans, some offered by newcomers to the market, may not offer wide access to hospitals and doctors, experts said.

While the rates will fall over all, apples-to-apples comparisons are impossible from this year to next because all of the plans are essentially new insurance products.

The rates for small businesses, which are considerably lower than for individuals, will not fall as precipitously. But small businesses will be eligible for tax credits, and the exchanges will make it easier for them to select a plan. Roughly 15,000 plans are available today to small businesses, and choosing among them is particularly challenging.

"Where New York previously had a dizzying array of thousands upon thousands of plans, small businesses will now be able to truly comparison-shop for the best prices," said Benjamin M. Lawsky, the state's top financial regulator.

Officials at the state Department of Financial Services say they have approved 17 insurers to sell individual coverage through the New York exchange, including eight that are just entering the state's commercial market. Many of these are insurers specializing in Medicaid plans that cater to low-income individuals.

North Shore-LIJ Health System, the large hospital system on Long Island, intends to offer a health plan for individuals as well as businesses for the first time. Some of the state's best-known insurers, UnitedHealth Group and WellPoint, are also expected to participate. Insurers may decline to participate after they receive approval for their rates, but this is unlikely.

For years, New York has represented much that can go wrong with insurance markets. The state required insurers to cover everyone regardless of pre-existing conditions, but did not require everyone to purchase insurance — a feature of the new health care law — and did not offer generous subsidies so people could afford coverage.

With no ability to persuade the young and the healthy to buy policies, the state's premiums have long been among the highest in the nation. "If there was any state that the A.C.A. could bring rates down, it was New York," said Timothy Jost, a law professor at Washington and Lee University who closely follows the federal law.

Mr. Jost and other policy experts say the new health exchanges appear to be creating sufficient competition, particularly in states that have embraced the exchanges and are trying to create a marketplace that allows consumers to shop easily.

"That's a very different dynamic for these companies, and it's prodding them to be more aggressive and competitive in their pricing," said Sabrina Corlette, a professor at Georgetown University's Center on Health Insurance Reform.

But some consumers may still find the prices and plans disappointing. Jerry Ball, 46, who owns a recycling business in Queens, said the cost of covering his family increased so rapidly in the last few years that he had to scale back their coverage. Still, he pays nearly \$18,000 a year for a high-deductible policy for a family of three.

He said he would be reluctant to part ways with his insurer, Oxford, and was disappointed that even the least expensive Oxford plan being offered next year would cost about as much as he pays now.

With another plan, he said: "Will I be able to maintain my doctors? I'm concerned that some of the better doctors aren't going to take health insurance."

He acknowledged that the new law would allow him for the first time to easily switch plans, but it is still hard for him to believe it guarantees coverage for pre-existing conditions. "I have to be careful. I can't be denied coverage, right?" he asked.

Courant.com

Federal Health Officials: Rates On Public Exchanges Are Lower Than Expected

By MATTHEW STURDEVANT, msturdevant@courant.com

The Hartford Courant

6:05 PM EDT, July 18, 2013

People who buy a health plan on a state-run insurance exchange this fall for coverage next year will likely pay less than federal budget officials anticipated, according to a new report released Thursday by the U.S. Department of Health and Human Services.

At issue are individual and small-group health plans that will be available through online marketplaces called "exchanges," created by each state as a result of the Affordable Care Act, which is sometimes called Obamacare.

A federal analysis of rates available on public exchanges in 10 different states and Washington D.C. shows that they are, on average, 18 percent less than an estimate in March 2012 by the Congressional Budget Office.

Federal health officials contend that lower-than-expected rates in some states constitute a national trend, which means, on average, premiums for health insurance will be lower in other states, too.

It's too early to say if that will be the case in Connecticut. State insurance regulators are still reviewing health plans submitted by five different insurers.

A trade group for health insurers said the federal report focuses on average premiums and ignores the actual rate an individual will pay.

"The impact that the ACA [Affordable Care Act] is going to have on premiums is going to vary considerably depending on a person's age, their health status, their gender, where they live and their income," said Robert Zirkelbach, a spokesman for America's Health Insurance Plans. "All of those factors are going to impact ultimately what a specific individual will pay."

In Connecticut, the state Insurance Department is reviewing rates submitted by insurers for health plans that will be sold on Access Health CT, which is the public online marketplace in this state.

Aetna, Anthem Blue Cross and Blue Shield in Connecticut, ConnectiCare Benefits, HealthyCT and UnitedHealthcare all submitted proposed rates. Aetna is only offering individual plans, UnitedHealthcare is only offering small-group plans and the other three are competing in both markets.

The Insurance Department -- the insurance regulator in the state -- must review the actuarial assumptions for every health plan sold before it can be put through a different review by the Access Health CT. There is no estimate of when rates will be finalized, though health plans are expected to be sold through Access Health CT starting Oct. 1.

The federal HHS report released Thursday looked at rates approved in California, Colorado, Washington D.C., New Mexico, New York, Ohio, Oregon, Rhode Island, Vermont, Virginia and Washington. Health plans in all states will be sold with a rating like precious metals — platinum for the best plans, followed by gold, silver and bronze. The HHS report looked at silver plans, and the average monthly rate for individual plans is \$321 across all 10 states and Washington D.C. compared with an estimated of \$392 per month provided by the Congressional Budget Office last year.

The average rate for small-group plans was \$352, compared with the CBO estimate of \$392.

Some insurers that have submitted rates to Connecticut's insurance regulators are proposing rates lower than the CBO estimates, too. For example, Aetna proposed individual health plans that will range in cost from \$111 to \$1,175 per year, with an average monthly premium of \$363.56.

"Today's report shows that the Affordable Care Act is working to increase transparency and competition among health insurance plans and drive premiums down," U.S. Health and Human Services Secretary Kathleen Sebelius said in a prepared statement Thursday. "The reforms in the health care law ensure consumers will have access to better coverage at a lower cost in 2014."

Zirkelbach said the report misses the point in comparing CBO estimates with rates in 10 states and Washington D.C.

"How do these premiums compare to what people are purchasing today, because there's wide variation in what individuals and small businesses are choosing to purchase," Zirkelbach said. "An individual who currently chooses to purchase a low-premium, high-deductible policy to protect themselves from medical bankruptcy is going to see a much bigger impact to their premium than someone who currently has comprehensive health care coverage."

The Affordable Care Act passed by Congress in March 2010 established health exchanges as a way to offer a competitive marketplace where individuals and small businesses may compare prices and shop for health plans. It's an optional place to buy coverage for those who don't have health insurance through an employer, a union or a government plan, such as Medicare, Medicaid or HUSKY.

Exchanges will be the only place that individuals and families who earn up to 400 percent of the federal poverty level — which is \$44,680 for an individual or \$92,200 for a family of four — may tap into federal subsidies to offset a portion of the cost of health insurance.

The HHS report does not take into account federal subsidies, which would make premiums even more affordable for those who qualify.

"Here in Connecticut, we are focused one hundred percent on implementing the law so that we can bring a broad choice of affordable, high quality health care options for the residents and small businesses of Connecticut," Access Health CT's chief executive Kevin Counihan said in a prepared statement. "...there will be glitches in the process but we remain dedicated to bringing the financial value and personal health security afforded by the ACA to the people of Connecticut."

Chairman ROE. Without objection.

Mr. COURTNEY. So the fact of the matter is, is that very shortly we are going to see rate filings which are below the Congressional Budget Office projections from 2010 in terms of the average cost of premiums.

That should be our focus right now in terms of implementing and making sure that people are going to have the benefit of subsidies, small business tax credits, and a structured marketplace where private insurers—and by the way, we have a few of them in the state of Connecticut—are going to be able to sell their products in a much more user-friendly, small business-friendly fashion rather than the hieroglyphics that the existing marketplace presently calls for.

And again, lastly, I have a letter from an employer in my district, Willimantic Waste with about 230 employees, which he submitted last night, actually applauding the President's decision saying that, yes, they did listen. We are excited and looking forward to the opportunity to let the exchange unfold and make its prices available for both their part-time employees and people in the community of Windham, which is a distressed area of the state of Connecticut.

And I would ask that Mr. DeVivo's comments from the Willimantic Waste Paper Company, again, just supporting the President's decision, also be entered into the record.

[The information follows:]

July 22, 2013

Dear Congressman Courtney,

I would like to write to you concerning the one year delay of the enforcement of the Affordable Care Act's employer mandate from 2014 to 2015. In my current position at Willimantic Waste Paper, it is my responsibility to ensure that the company is compliant with the ACA. When I heard the news of the delayed enforcement over the 4th of July holiday, I was relieved.

One aspect of the ACA is that employers will verify that all employees are offered insurance within 90 days or that they have health insurance. If this verification is not done correctly, the company could be fined for not following the law. Offering the health benefits to the employee is not hard. But verifying that the employee has some form of health coverage is not that easy. If this verification is not completed correctly, the company could be fined by the government.

My fear with the law is that we would make an error on a few employee health coverage verifications in 2014. The errors could range from a using the wrong form to a missing signature. The company could make the necessary corrections to the verification system in 2015. Then in 2017, the IRS could come and audit the 2014 time frame. We would be fined for the errors that occurred in 2014. I feel this would not be right. With such a complex law, a small error could result in enormous fines by the IRS years after the errors occurred. By President Obama actions, he has made it possible for the law to take effect and employers would be able to work the kinks out of the system without fear of massive penalties at some later date.

Willimantic Waste Paper is a family owned business in Northeast Connecticut that employs 270 people. As our business has grown, we have expanded the benefits that we offer to our employees. For over forty years, our employees have had access to affordable healthcare plans. And going forward into the future, we plan to continue this benefit.

Thank you President Obama and Congressman Courtney for working with medium size businesses that want to implement the Affordable Care Act and making sure that we are not penalized for trying to do our best during the implementation stages of the law.

Regards,

John DeVivo
Willimantic Waste Paper Co., Inc.
P.O. Box 239
185 Recycle Way
Willimantic, CT 06226

Chairman ROE. Without objection.

Mr. COURTNEY. That is my last one.

Lastly, I would just say, you know, we are now holding a hearing on measures that we voted on last week. We were promised by the new majority regular order when they took control of this Congress. Not only is this bill rushed to the Floor without hearing, we are now holding a hearing after the fact. There is not a high school student council that would follow this type of process.

Again, I appreciate the witnesses for being here today, but the fact of the matter is Mr. Andrews said, we have the poison of sequester seeping through the U.S. economy. We have infrastructure needs that need to be addressed. We have a CR looming. We have a debt ceiling looming. Seventeen days left until October 1st of legislative days, and we are now holding a hearing on a bill that already passed.

I mean, give me a break.

Again, thank you for being here. I look forward to the exchange. We can do this until the cows come home, but the fact of the matter is the real issues that face and the real challenges that face the U.S. economy are not being addressed here today in this committee room or any other committee room in the House of Representatives, and frankly, the public deserves better.

I yield back the balance of my time.

Chairman ROE. I thank the gentleman for yielding.

Pursuant to committee Rule 7(c), all members of both subcommittees will be permitted to submit written statements to be included in the permanent hearing record.

And without objection, the hearing record will remain open for 14 days to allow statements, questions for the record, and other extraneous material referenced during the hearing to be submitted in the official hearing record.

It is now my privilege to introduce our witnesses.

Our first is Ms. Grace Marie Turner, the president of the Galen Institute, a health care policy research organization located in Alexandria, Virginia.

Welcome.

Mr. Jamie Richardson is vice president of government and shareholder relations for the White Castle Systems, Inc. in Columbus, Ohio.

Welcome.

Mr. Ron Pollack is executive director of Families USA in Washington, D.C.

Welcome, Mr. Pollack.

And Dr. Douglas Holtz-Eakin is the president of the American Action Forum in Washington, D.C.

Welcome.

Before I recognize each of you to provide your testimony, let me briefly explain our lighting system.

Y'all have been here many times. You will have 5 minutes to present your testimony. When you begin, the light in front of you will turn green. At 1 minute left, it will turn amber, and then when your time has expired, the light will turn red. At that point, I will ask you to wrap up your remarks as best as possible.

After everyone has testified, members will each have 5 minutes to answer questions and because this is a combined hearing, I am going to stick pretty closely to the 5 minutes.

So first, I would like to thank you for being here, and I will start with Ms. Turner.

**STATEMENT OF MS. GRACE-MARIE TURNER, PRESIDENT,
GALEN INSTITUTE, ALEXANDRIA, VA**

Ms. TURNER. Thank you, Chairman Roe.

Thank you, Chairman Walberg.

Thank you to Ranking Member Andrews, Ranking Member Courtney, and to Chairman Kline, and members of the committee for the opportunity to testify today.

I am Grace-Marie Turner, president of the Galen Institute. We are a nonprofit research organization focusing on free-market ideas for health reform and have been working for 20 years on market-based solutions, including a book called “Empowering Healthcare Consumers Through Tax Reform.”

I would welcome the opportunity to talk with you about some of our ideas.

Businesses large and small across America have been making painful decisions to lay off employees, cut workers’ hours, and make do with fewer workers than they really need. This is not what you would expect in a recovering economy.

The clear distorting fact is the Affordable Care Act, especially the employer mandate. The decision by the administration to delay the reporting requirements for the mandate were certainly welcomed by business, but they also add to the questions and the concerns that both employees and employers have about the law.

The statute does say that the mandate is to begin in 2014, not 2014—2015, as the administration is now directed. Because of the House vote last Wednesday the house did pass legislation to give the administration legal authority to postpone the mandate; however the administration said in a puzzling statement of administration policy that the President would veto the legislation to delay the mandate should it reach his desk even though he had delayed the mandate administratively. No wonder businesses are confused.

CMS administrator, Marilyn Tavenner—I do think it is still relevant to discuss this because businesses are impacted, plans had been made in preparation for the 2014 trigger date, and CMS administrator, Marilyn Tavenner was asked—testified last week—if she was consulted, and she said she was not.

You did invite Howard Shelanski from the Office of Management and Budget who said their office is not involved, and therefore, wouldn’t testify.

And the commerce committee of Michael Burgess questioned the treasury official last week to ask him about the timeline of the decision. The official was not able to provide the date of the decision, who made it, and whether that person was in the Treasury Department or the White House.

Certainly a decision with this significance and this much impact on both the law and other aspects of the law as well as businesses needs to have been reviewed and vetted thoroughly.

Employers are more confused than ever.

A recent survey by the U.S. Chamber of Commerce found that 71 percent of the small businesses say the health law will make it harder for them to grow. An earlier Gallup poll found that 41 percent of the small businesses had frozen hiring because of the law. One in five said that they had already reduced the number of hours for their employees “as a specific result of the Affordable Care Act.”

While most employers want to provide health insurance, not all can and still keep their prices competitive. For companies with very tight profit margins, the mandate can send their bottom lines from black to red.

Some critics have argued that if all businesses were forced to provide health insurances and raise prices, they would not lose customers because everybody would be operating on the same ground rules, but customers are smarter than that. They will postpone or delay purchases. They will substitute and that business would simply vanish.

A 1-year delay in the reporting requirements for the employer mandate is largely irrelevant some say, but offering insurance isn't the same as people accepting insurance.

Our proponents of the mandate and the law say that because 97 percent of business, large companies that are subject to the mandate, already provide health insurance that it really doesn't matter because it is not going to change their behavior.

But a study by Duke University professor Chris Conover has found that 46 percent of the uninsured actually work for these large firms, the great majority of which are due to provide health insurance. So this delay and the mandate really do have a significant effect.

And while the law tried to lock in employer coverage, it may very well have the opposite effect of incentivizing employers to drop it instead. They just have another year to make their plans.

Further, the health law is redefining a full-time work week as 30 hours, rather than 40, and we heard as Chairman Walberg said even our organized labor is very upset about this redefinition.

Many small businesses are already cutting workers' hours back to 25 hours because they know with some slack in shifts, that they could get to the 30 hours. If you were to—there are some proponents of changing the definition, amending the law to say it is a 40-hour work week.

I recommend that you not do this because employers will then say, well let's just have this; they will say well, we have to cut hours to 35 hours. You are going to continue to chase this. The only solution is repealing this law and repealing particularly the mandate.

The risk complexities and delays and confusion surrounding Affordable Care Act strongly indicate that the only responsible path is to delay implementation of the exchanges and related subsidies especially until taxpayers can be assured that this money is being spent wisely.

And one final thought; Congress could authorize funds to help states develop or strengthen high risk pools so people with pre-existing conditions who are waiting for the exchange coverage to begin on January 1 could get coverage immediately.

Thank you, Mr. Chairman, for the opportunity to testify.

[The statement of Ms. Turner follows:]



A not-for-profit health and tax policy research organization

Testimony on
The Employer Mandate:
Examining the Delay and Its Effect on Workplaces

**Subcommittee on Health, Employment, Labor and Pensions and
the Subcommittee on Workforce Protections
of the Committee on Education and the Workforce**

**Phil Roe, M.D., Chairman
Subcommittee on Health, Employment, Labor, and Pensions**

**Rep. Tim Walberg, Chairman
Subcommittee on Workforce Protections**

Tuesday, July 23, 2013

**Grace-Marie Turner, President
Galen Institute**

The Employer Mandate: Examining the Delay and Its Effect on Workplaces

Subcommittee on Health, Employment, Labor, and Pensions
and the Subcommittee on Workforce Protections

Chairman Roe, Chairman Walberg, and Members of the Committee, thank you for the opportunity to testify today on the delay of the reporting requirements for the employer mandate and the effect on American workplaces. My name is Grace-Marie Turner and I am president of the Galen Institute, a non-profit research organization focused on market-based health reform.

Across the country, large and small businesses have been making painful decisions to lay off employees, cut workers' hours, and make do with fewer workers than they really need. This is not what you would expect in a recovering economy.

The clear distorting factor is the Affordable Care Act, especially the employer mandate that requires businesses with more than 50 employees to provide health insurance or pay a fine.

The decision by the administration to delay the reporting requirements for the mandate that this hearing addresses today creates new questions and concerns for business owners and workers.

The announcement, which was made on a blog post by Assistant Treasury Secretary Mark J. Mazur late on July 2, relies on legal authority that is at best questionable.¹ The statute clearly says that the mandate, with the resulting reporting system, is to begin in 2014, not 2015, as the administration has now directed.²

The House of Representatives, on July 17, passed legislation by a sizeable margin of 264 to 161 to give the administration legal authority to postpone the mandate. The House also voted, by 251-174, to extend the delay to the individual mandate. However, the administration said in a puzzling Statement of Administration Policy that the president would veto the legislation that would delay the employer mandate that he himself is delaying by administrative directive.³

Who made the decision? Marilyn Tavenner, the administrator of the Centers for Medicare & Medicaid Services, said at a House subcommittee meeting on July 17 that she was not consulted on the Obama administration's decision to postpone this key part of the health law.⁴ She said she was "made aware" that the Obama administration was postponing the employer mandate on June 24 or 25, a week before it was publicly announced.

I understand that you had invited Howard Shelanski, the administrator of the Office of Management and Budget's Office of Information and Regulatory Affairs (OIRA), to

testify today to answer your questions about the OMB's role in the decision. In a call to committee staff, OIRA indicated it was not involved in the decision to delay enforcement of the employer mandate and therefore would not testify today.

Vice Chairman of the Health and Oversight and Investigations Subcommittee of the Energy and Commerce Committee, Michael C. Burgess, M.D., questioned the Treasury Department's Deputy Assistant Secretary for Retirement and Health Policy Mark Iwry on July 18 regarding the timeline of the administration's decision and the process by which that decision was made. Iwry was not able to provide the date the decision was made, nor who made the final decision to delay the mandate and whether that person was a Treasury Department or a White House official.⁵

Certainly a decision with such significant implications should have been reviewed by those in the administration with responsibility for implementing the law to determine its legality, its implications on other provisions of the law, and its implications for businesses and their employees.

Now, employers are more confused than ever about what their responsibilities and liabilities are during this period of "transition relief" from the reporting requirements. Regulations explaining the details of this announcement are not expected until later this summer, adding further to the uncertainty in their attempts to comply with the law.

What business is saying

When it does take effect, small businesses say the employer mandate will have a negative effect on their companies and employees. According to a recent survey by the U.S. Chamber of Commerce, 71% of small businesses say the health care law makes it harder to grow. Only 30% say they are prepared for the requirements of the law, and a quarter say they don't even know what is required of them. Among small businesses that will be impacted by the employer mandate, one-half say they either will cut hours to reduce full time employees or replace full time employees with part-time workers to avoid the penalties. Twenty-four percent say they will reduce hiring to stay under 50 employees.⁶

An earlier Gallup poll found that 41% of small businesses surveyed had frozen hiring because of the health law. One in five said they already had reduced the number of employees in their business "as a specific result of the Affordable Care Act."⁷

The Congressional Budget Office estimated that as many as 11 million workers could lose their health insurance from employers who pay the penalty rather than pay the cost of insurance.⁸ Other estimates, such as one from the American Action Forum, suggest that the number could be as high as 35 million.⁹ Clearly this law is having far-reaching implications, and I applaud this committee for calling this hearing today to delve more deeply into this decision and its implications.

Employers have been providing health insurance for their workers voluntarily for more than 70 years. It's good business because offering health insurance attracts good workers and helps to keep workforces healthy. But the ACA places significant new burdens on employers, including onerous reporting requirements and higher costs because of new mandated benefits, that are causing employers to rethink this arrangement.

Most employers want to provide health insurance but not all can afford it and still keep their prices competitive. For companies that operate with very tight profit margins, the mandate to provide health insurance can send their bottom line from black to red. Many of them, especially businesses in the retail and hospitality industries, have no choice but to restructure their businesses to avoid the added costs of either the fines or providing expensive mandated health insurance.

Some critics have argued that if all businesses are forced to provide health insurance and raise prices, they will not lose customers because all of their competitors will be operating under the same requirements. But customers are smarter than that: They will buy less, substitute more, and more business transactions will simply vanish.

Employer response to the mandate

Backers of the health law have said that the one-year delay in reporting requirements for the employer mandate is largely irrelevant because the great majority of employers with 50 or more workers who would be subject to the mandate already offer health insurance. But offering isn't the same as accepting. Almost half of the nation's nearly 28 million uninsured workers are employed by firms that are mandated to provide health coverage.

The federal government's Medical Expenditure Survey (MEPS) shows that 96.8% of large firms (defined as workers with 50 or more employees) offer health benefits. However, Professor Chris Conover of Duke University has examined the distribution of the nation's 27.9 million uninsured workers age 18-64 by firm size, and he finds that 46.1% are employed at firms subject to the mandate.¹⁰

Not every worker at a firm offering benefits is eligible for coverage, or a worker may be eligible for benefits but be stuck in a waiting period before their benefits actually can begin. And even if employees are eligible, they may not sign up for the coverage. Therefore, to say that delaying the mandate is inconsequential is belied by the facts.

Cutting hours: There are countless news reports of companies that are being forced to cut hours for their workers to fit within the constraints of the ACA. The health law is redefining a full-time work week as 30 hours rather than the traditional 40. Because there is a look-back period, many employers already have begun scaling back employee hours. And many of them are cutting workers back to 25 hours a week to provide a cushion in case employees' shifts run over.

That is a significant income loss for workers, many of whom are at the lower-end of the income scale. But employers, especially in the restaurant and retail industries, say that their decisions are driven by an attempt to keep their doors open. Many say that even paying the \$2,000 per employee per year fines for not providing health coverage would more than consume their profit margins, giving them little reason to open for business at all.

And a one-year delay in the employer mandate will not change the hiring behavior of employers. They won't hire full-time workers while knowing they would have to let those workers go a year from now. If anything, the delay gives employers more time to figure out how to restructure their businesses and workforces to avoid the added costs of the health law.

Redefining 30 to 40 hours: Some business groups are advocating a change in the law to move the definition from 30 to 40 hours. While that seems logical, many businesses will continue to build a cushion into their schedules and that would likely mean the full-time work week would be 35 rather than 40 hours. I would recommend that Congress not make this change. The only solution to avoid these and other distortions in the labor market is to repeal the employer mandate.

Incentives to drop coverage: While the health law tried to lock-in employer coverage, it may very well have the opposite effect of incentivizing employers to drop coverage instead.

The Wegmans grocery chain, for example, is cutting health benefits for its part-time employees and plans to send them instead to the ObamaCare exchanges where they may get more generous benefits and subsidies than the company says it can offer.

Several Wegmans employees confirmed part-time health benefits had been cut and said the company said the decision was related to changes brought about by the Affordable Care Act, according to a report in *The Buffalo News*.¹¹

Wegmans is one of thousands of employers likely to make the same decision. Part of the reason employers are looking for the exits is the rising cost of health insurance caused by the ACA's mandates on coverage and new taxes. For example, the ACA's new health insurance tax alone will increase premiums by \$8 billion next year, increasing an average family's premium by more than \$350 in 2014.¹²

Labor unions unhappy

Those who say that the employer mandate has little or no effect on businesses also should listen to those who represent organized labor. Representatives of three of the nation's largest unions recently warned Democratic leaders in Congress that Obamacare would "shatter not only our hard-earned health benefits, but destroy the foundation of the 40 hour work week that is the backbone of the American middle class."¹³

The letter was from James P. Hoffa, general president of the International Brotherhood of Teamsters; Joseph Hansen, international president of the United Food and Commercial Workers International Union; and Donald “D.” Taylor, president of UNITE-HERE, a union representing hotel, airport, food service, gaming, and textile workers.

“When you and the President sought our support for the Affordable Care Act,” they begin, “you pledged that if we liked the health plans we have now, we could keep them. Sadly, that promise is under threat...Perverse incentives are causing nightmare scenarios. First, the law creates an incentive for employers to keep employees’ work hours below 30 hours a week. Numerous employers have begun to cut workers’ hours to avoid this obligation, and many of them are doing so openly. The impact is two-fold: fewer hours means less pay while also losing our current health benefits.”

Last week, Laborers International Union of North America President Terry O’Sullivan wrote that the law has “destructive consequences” for the types of health plans that cover millions of unionized construction workers and their family members. Mr. O’Sullivan focused on the impact on unionized construction workers who are typically covered by multiemployer plans. Costs are rising for such plans because of the law’s benefit mandates and taxes.

But the delay of the reporting requirements for the employer mandate does not mean that businesses can take a year off from other provisions of the law.

Other provisions of the ACA slated to go into effect in or before 2014 include:

- a 90-day maximum on eligibility waiting periods
- monetary caps on annual out-of-pocket maximums
- total elimination of lifetime and annual limits (including expiration of waivers that permitted certain “mini-med” plans and stand-alone Health Reimbursement Arrangements to stay in place through plan years beginning in 2013)
- new wellness plan rules
- revised Summary of Benefits and Coverage templates
- Patient Centered Outcomes Research Institute (PCORI) excise taxes and transitional reinsurance program fees
- a notice informing employees of the availability of the new health insurance Exchanges (a model notice is available on the U. S. Department of Labor website), and
- insurance market reforms

The president is offering businesses no relief from these requirements which will further burden businesses with compliance costs and distract them from their core business activities. This is severely hampering the jobs recovery our economy so desperately needs.

Next steps

The evidence is growing that three years was not long enough to implement the sweeping change to our health sector required under the ACA. One of the things that businesses had most hoped to get from the law was more affordable coverage through the small business exchanges called for in the law. But the administration announced in April that it would delay until at least 2015 implementation of these exchanges.¹⁴

And in a 606-page regulation issued late on July 5, the administration announced that income and employment verification in the state-run exchanges in 2014 would be waived. The administration acknowledged the difficulty of getting verification systems up and running, saying “large amount of systems development on both the federal and state side...cannot occur in time for October 1, 2013.” Therefore, income verification “is not feasible for implementation for the first year of operations.” The administration will instead rely on an “honor system” for reporting.¹⁵

This presents a significant potential for fraud and waste of taxpayer funds if applicants misstate their income and get a larger subsidy for health insurance than they are legally eligible to receive. Taxpayers are at risk, presenting a strong argument for delay of the subsidies until the income verification systems are in place.

Additionally, very little information has been provided by the administration about the status of the exchanges that the federal government is creating in those states that have declined to create their own. Seeing the difficulty that individual states are having in getting their exchanges ready does not inspire confidence that the federal government’s exchanges will be ready by the October 1 deadline. That’s yet another reason to delay the exchanges.

The risks, complexities, delays, and confusion surrounding the ACA strongly indicate that the only responsible path is to delay implementation of the rest of the law. In the meantime, Congress could authorize funds to help states develop or strengthen high-risk pools so people with pre-existing conditions who are waiting for the exchange coverage to begin on January 1 can get coverage immediately.

I thank you for the opportunity to testify today and look forward to your questions and discussion.

Endnotes

¹ The Treasury blog post, “Continuing to Implement the ACA in a Careful, Thoughtful Manner,” is available at <http://www.treasury.gov/connect/blog/Pages/Continuing-to-Implement-the-ACA-in-a-Careful-Thoughtful-Manner.aspx>

² The “Shared Responsibility for Employers” provision is Section 1513 of the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

³ The Statement of Administration Policy was issued by the Executive Office of the President on July 16, 2013 and can be found at http://www.whitehouse.gov/sites/default/files/omb/legislative/sap/1113/saphr2667r_20130716.pdf

⁴ “Tavenner Wasn’t Consulted On Delaying Health Law’s Employer Mandate,” Ankita Rao, Kaiser Health News, July 17, 2013 (<http://capsules.kaiserhealthnews.org/index.php/2013/07/tavenner-wasnt-consulted-on-delaying-health-laws-employer-mandate/>)

⁵ Video of the hearing and witness testimony can be found at <http://energycommerce.house.gov/hearing/patient-protection-and-affordable-care-act-implementation-wake-administrative-delay>

⁶ “United States Chamber of Commerce Q2 Small Business Outlook Study,” United States Chamber of Commerce, July 16, 2013 (<http://www.uschambersmallbusinessnation.com/community/q2-2013-small-business-survey>)

⁷ “Half of U.S. Small Businesses Think Health Law Bad for Them,” Dennis Jacobe, Gallup, May 10, 2013 (<http://www.gallup.com/poll/162386/half-small-businesses-think-health-law-bad.aspx>)

⁸ “CBO and JCT’s Estimates of the Effects of the Affordable Care Act on the Number of People Obtaining Employment-Based Health Insurance,” Congressional Budget Office, March 2012 (http://cbo.gov/sites/default/files/cbofiles/attachments/03-15-ACA_and_Insurance_2.pdf)

⁹ “Labor Markets and Health Care Reform: New Results,” Douglas Holtz-Eakin & Cameron Smith I, American Action Forum, May 27, 2010 (http://americanactionforum.org/sites/default/files/OHC_LabMktsHCR.pdf)

¹⁰ “New Flash: 46% Of Working Uninsured Are In Large Firms Subject To Employer Mandate,” Chris Conover, Forbes, July 5, 2013 (<http://www.forbes.com/sites/theapothecary/2013/07/05/news-flash-45-of-working-uninsured-are-in-large-firms-subject-to-employer-mandate/>)

¹¹ “Wegmans cuts health benefits for part-time workers,” Samantha Maziarz Christmann, The Buffalo News, July 10, 2013 (<http://www.buffalonews.com/apps/pbcs.dll/article?AID=/20130710/BUSINESS/130719892/1003>)

¹² “Quick Facts about Health Care Reform and Premiums,” America’s Health Insurance Plans, July 18, 2013 (<http://www.ahipcoverage.com/2013/07/18/quick-facts-about-health-care-reform-and-premiums/>)

¹³ This text comes from a letter written by James P. Hoffa, General President of the International Brotherhood of Teamsters, Joseph Hansen, International President of UFCW, and D. Taylor, President of UNITE-HERE, and can be found on Corporate Intelligence blog of the Wall Street Journal (<http://blogs.wsj.com/corporate-intelligence/2013/07/12/union-letter-obamacare-will-destroy-the-very-health-and-wellbeing-of-workers/>)

¹⁴ “Small Firms’ Offer of Plan Choices Under Health Law Delayed,” Robert Pear, The New York Times, April 1, 2013 (http://www.nytimes.com/2013/04/02/us/politics/option-for-small-business-health-plan-delayed.html?_r=2&)

¹⁵ The full text of this rule can be found on the Federal Register at <https://www.federalregister.gov/articles/2013/07/15/2013-16271/medicaid-and-childrens-health-insurance-programs-essential-health-benefits-in-alternative-benefit>

Chairman ROE. Thank you, Ms. Turner.
Mr. Richardson?

**STATEMENT OF MR. JAMIE T. RICHARDSON, VICE PRESIDENT,
WHITE CASTLE SYSTEM, INC., COLUMBUS, OH**

Mr. RICHARDSON. Thank you, Chairman Roe and Walberg, Ranking Members Andrews and Courtney, and members of the Subcommittees on Health, Education, Labor, and Pensions and Workforce Protections of the House Education and Workforce Committee. Thank you for the chance to testify regarding employer mandate and the impact a recent announcement of transition relief on employers and employees.

My name is Jamie Richardson. I serve as vice president of White Castle, which means I get to sell hamburgers for a living. It is an honor to be here and share our perspective on behalf of our company and the National Restaurant Association.

White Castle is the taste America craves. We believe good business, great food, and responsible citizenship should all go together. At White Castle, we first opened our doors in 1921, and to this day, we are a family-owned, privately-held company.

The majority of our nearly 10,000 team members work in our 406 restaurants across 12 states. At White Castle, we put people first. We have offered a health insurance program and a benefit since 1924.

Our benefits package is one of the main reasons so many of our colleagues remain with the company for so long; 27 percent of our team members has been with us 10 years or more. More than one in four have been with us 10 years or more.

We are proud of that fact, but we are humbled by their loyalty, and we are committed to continuing to make White Castle a rewarding place to be.

As restaurants throughout the country implement new requirements of the health care law, we face unprecedented challenges that must be addressed. We are committed to addressing those challenges, and to do that effectively, we need Congress' help.

Allow me to be frank.

First, the definition of full-time employee in this law does not reflect our workforce needs or our employees' desire for flexible work schedules.

Second, the calculation to determine whether a business is a large or small employer is unnecessarily complicated and especially burdensome for small businesses.

Third, automatic enrollment must be eliminated to avoid confusion and potential financial hardship for employees and an increased burden for employers.

I would like to tell you today that White Castle's growth has continued uninterrupted. I would like to tell you we have continued to open more restaurants in more neighborhoods providing more jobs and serving more customers.

I would like to tell you that, but I can't. In fact, White Castle's growth has halted.

Last year when I testified before the House Oversight and Government Reform Committee, we had 408 White Castle restaurants. Today, we have 406.

In the 5 years prior to the health care law, we were opening an average of eight new White Castle restaurants each year. In 2013, we plan to open just two.

While other factors have slowed our growth, it is the mounting uncertainty surrounding the health care law that has brought us to a standstill.

In addition to the employer-shared responsibility section of the law, the employer reporting requirements are key for employers. The two requirements make up a large part of what employers must do to comply with the law.

The administration's July 2 announcement and July 9 IRS notice 2013-45 provides transition relief and voluntary compliance in 2014 for the employer reporting requirements under Tax Code Section 6055 and 6056, and hence the employer shared responsibility requirements employer mandate under Tax Code Section 4980H.

As early as October 2011, the National Restaurant Association, as part of the Employer for Flexibility and Healthcare Coalition submitted comments requesting transition relief.

Proposed rules on the employer mandate were published in the Federal Register on January 2, 2013, but employers have been waiting for rules or guidance on employer reporting.

We welcome this transition relief to understand and comply with the rules on reporting and how it interacts with the mandate and employer mandate rules.

Employers need rules with enough lead time to set up systems that will track data on each full-time employee and their dependents and then report this data to the IRS annually.

We are eager to see the proposed rule that the administration's stated it plans to issue later this summer.

Of particular concern are the flow of information and the timing of reporting and communication employers must make to multiple levels and layers of government. Streamlining employer reporting will help simplify the process.

Restaurants and other employers have advocated for a common sense, single, annual reporting process by employers to the Treasury Department each January 31.

That would provide perspective general plan information and wage information to the affordability Safe Harbors as well as retrospective reporting as required by Tax Code Section 6056 on individual full-time employees and their dependents.

To conclude, while we appreciate the transition relief, restaurants across America still face challenges only Congress can address; the definition of a full-time employee, the determination of who is an applicable large employer under the law, and the elimination of the automatic enrollment provision.

We are both proud and grateful for the responsibility of serving America's communities, creating jobs, boosting the economy, and serving our customers. We are committed to working with Congress to find solutions that foster growth and truly benefit the communities we serve.

Thank you.

[The statement of Mr. Richardson follows:]



Statement
On behalf of the
National Restaurant Association

HEARING: THE EMPLOYER MANDATE: EXAMINING THE DELAY AND ITS EFFECT ON
WORKPLACES

BEFORE: SUBCOMMITTEE ON HEALTH, EDUCATION, LABOR AND PENSIONS
SUBCOMMITTEE ON WORKFORCE PROTECTIONS
EDUCATION & THE WORKFORCE COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

BY: JAMIE RICHARDSON
WHITE CASTLE SYSTEM, INC.

DATE: JULY 23, 2013

**Statement for the hearing
 "The Employer Mandate:
 Examining the Delay and Its Effect on Workplaces"**

Before the

**Subcommittee on Health, Education, Labor, and Pensions,
 Subcommittee on Workforce Protections,
 Education & the Workforce Committee,
 U.S. House of Representatives**

**By
 Jamie Richardson,
 White Castle System, Inc.**

**On behalf of the
 National Restaurant Association**

July 23, 2013

Chairmen Roe and Walberg, Ranking Members Andrews and Courtney, and members of the Subcommittees on Health, Education, Labor and Pensions, and on Workforce Protections of the House Education & the Workforce Committee; thank you for the opportunity to testify before you today regarding the employer mandate and the impact of the Administration's recent announcement of transition relief on employers and employees.

My name is Jamie Richardson and I serve as Vice President of Government, Shareholder and Community Relations of White Castle System, Inc. It is an honor to be here to share our perspective on behalf of our company and the National Restaurant Association.

WHITE CASTLE SYSTEM INCORPORATED

White Castle is the Taste America Craves - We believe good business, great food, and responsible citizenship should all go together. As a family company, we are part of the neighborhoods we serve. We live here, work here, and raise our families here – that's why we are committed to having a positive impact on the families and communities around us. Our dedication to serving our community isn't just a company priority – it's a personal commitment.

Currently based in Columbus, Ohio, White Castle first opened its doors in 1921 in Wichita, Kansas. To this day, we are a family-owned, privately-held company. The majority of

our roughly 10,000 team members work in our 406 restaurant locations across 12 states. We have built several locally-based divisions to supply each restaurant, including bakeries, meat processing plants, frozen food plants and manufacturing plants that, together, produce everything we offer to White Castle customers.

As White Castle, along with restaurants throughout the country, implements the new requirements determined by the health care law, we face unprecedented challenges that must be addressed.

We’re committed to addressing those challenges in a way that enables us to continue serving our customers with excellence – and to do that effectively, we need Congress’ help.

Allow me to be frank: First, the definition of “full-time employee” does not reflect our workforce needs or our employees’ desire for flexible work schedules. Second, the calculation to determine whether you are a large or small business is unnecessarily complicated – and especially burdensome for small businesses who are forced to closely track their status from year to year. Third, automatic enrollment must be eliminated. For employees, passive enrollment would avoid confusion and potential financial hardship for employees. Auto-enrollment would lead to duplicative requirements for employers who are already offering the same employees coverage or facing penalties under the new law.

I would like to tell you today that White Castle’s growth has continued uninterrupted. I would like to tell you we’ve continued to open more restaurants in more neighborhoods, providing more jobs, and serving more customers.

I’d like to tell you that, but I can’t. In fact, White Castle’s growth has halted.

Last year, when I testified before House Oversight & Government Reform Committee, we had 408 White Castle restaurants. Today, we have 406. In the five years prior to the health care law, we were opening an average of eight new White Castle restaurants each year. In 2013, we plan to open just two new locations.

While other factors have slowed our growth, it is the mounting uncertainty surrounding the health care law that brought us to a standstill.

As you know, restaurants run on narrow margins, and White Castle is no exception. In an environment where hard-working Americans are struggling to make ends meet, we are facing record food prices – typically one-third of a restaurant’s bottom line – and now we are staring down the barrel of dramatic increases to our health care coverage costs.

THE RESTAURANT AND FOODSERVICE INDUSTRY

The National Restaurant Association is the leading trade association for the restaurant and foodservice industry. Its mission is to help members establish customer loyalty, build rewarding careers, and achieve financial success. The industry is comprised of 980,000

restaurant and foodservice outlets employing 13.1 million people who serve 130 million guests daily. The simple fact is that restaurants are job-creators. While small businesses comprise the majority of restaurants, the industry as a whole is the nation’s second-largest private-sector employer, employing about ten percent of the U.S. workforce.¹

The unique characteristics of our workforce create compliance challenges for restaurant and foodservice operators within this law. It’s much more difficult for employers to determine how the law impacts them and what they must do to comply. Many of the determinations employers must make to figure out how the law impacts them – for example the applicable large employer calculation – are much more complicated for restaurants than for other businesses who have more stable workforces with less turnover.

Restaurants are employers of choice for many looking for flexible work schedules and the ability to pick up extra shifts as available. As a result, we employ a high proportion of part-time and seasonal employees. We are also an industry of small businesses — more than seven out of ten eating and drinking establishments are single-unit operators. Much of our workforce could be considered “young invincibles,” and with 43 percent of employees under age 26 in this industry, high turnover is the norm.² In addition, the business model of the restaurant industry produces relatively low profit margins of only four to six percent before taxes, with labor costs being one of the most significant line items for a restaurant.³

Business owners crave certainty, because it enables us to plan for the future and make decisions that benefit our employees, customers, and communities. One of the most difficult things to predict about the impact of this law is the choices employees will make.

Will they accept restaurant operators’ offers of minimum essential coverage more than they do today?

Will exchange coverage be less expensive than what our operators can afford to offer under the law?

Will our young workforce choose to pay the individual mandate tax penalty instead of accepting the employer’s offer of coverage in 2015, 2016 and beyond?

With the younger, healthier population of the workforce, we may find that more team members than expected will favor the tax penalty because it is less expensive than employer-sponsored coverage. This provides less certainty for employers to predictively model. At White Castle, 80 percent of team members who are eligible for coverage currently select it, which leaves 20 percent a part of the unknown population. Future enrollment rate of coverage is very hard to predict, given many new factors, but could mean a significant increase in the cost for restaurant and foodservice operators when offering coverage to their employees.

¹ 2013 *Restaurant Industry Forecast*.

² Bureau of Labor Statistics, U.S. Department of Labor.

³ 2013 *Restaurant Industry Forecast*.

COMPLYING WITH THE HEALTH CARE LAW IS CHALLENGING FOR RESTAURANT AND FOODSERVICE OPERATORS GIVEN THE UNIQUE CHARACTERISTICS OF THE INDUSTRY

Since the law was enacted in 2010, the National Restaurant Association has taken steps to educate America's restaurants about the requirements of the law and the details of the Federal agencies' guidance and regulations. Through the National Restaurant Association Health Care Knowledge Center website (Restaurant.org/healthcare), we offer thorough, practical education so that restaurant operators of every size can better understand the law's requirements.

The National Restaurant Association has actively participated in the regulatory process to ensure that the implementing regulations and Federal agencies' guidance consider the implications for businesses who are not just one type or size. As co-leaders of the Employers for Flexibility in Health Care (E-Flex) coalition, we have partnered with other businesses and organizations with similar workforce characteristics to advocate for greater flexibility and options in implementing regulations, especially those that employ many part-time, seasonal, or temporary employees.

The overarching challenge restaurant and foodservice operators face in complying with the law is to first understand its complicated and interwoven requirements. By far, the definition of "full-time employee" under the law poses the greatest challenge. It does not reflect current workforce practices and could have a detrimental impact on a restaurant operator's ability to offer flexible schedules for his or her employees.

In addition, the applicable large employer determination is too complex. It stifles smaller employers' ability to manage their workforces, expand their businesses and prepare to offer health care coverage. Finally, the automatic enrollment provision could cause financial hardship and greater confusion about the law for some employees, without increasing their access to coverage.

All of these factors combine to complicate what a restaurant and foodservice operator must consider when adapting their business to comply with the law. This means real time and money that will be poured into interpreting and complying with the law, instead of creating jobs, investing in the community, and serving customers.

APPLICABLE LARGE EMPLOYER DETERMINATION

The statute prescribes a very specific calculation that must be used by employers to determine if they are an applicable large employer and hence subject to the Shared Responsibility for Employers and Employer Reporting provisions. Due to the structure of many restaurant companies, determining the employer may be more complicated than expected.

Aggregation rules in the law require employers to apply the long-standing Common Control Clause⁴ in the Internal Revenue Code (Tax Code) to determine if they are considered one or multiple employers for the purposes of the health care law. These rules have been part of the Tax Code for years, but this is the first time that many restaurateurs, especially smaller operators, have had to understand how these complicated regulations apply to their businesses. The Treasury Department has yet to offer guidance to help smaller operators understand how these rules apply to them – and to our knowledge, it has no plans to do so. Restaurant and food service operators are forced to hire expensive tax advisors to determine how the complicated rules and regulations associated with this section of the Tax Code apply to their specific situations. Often, entrepreneurs own multiple restaurant entities with various partners. Though these restaurateurs consider each operation to be a separate small business, many are discovering that, for the purposes of the health law, all of the businesses can be considered one employer due to common ownership.

Once a restaurant or foodservice operator determines what entities are considered a single employer, they must determine their applicable large employer status annually. For employers like White Castle, it is clear that we have more than 50 full-time equivalent (FTE) employees employed on business days in a calendar year. However, this determination may be much more difficult for smaller businesses who lack the stability and consistency larger employers enjoy.

Unfortunately, operators on the cusp of 50 full-time equivalent employees are struggling to understand how to complete this complicated calculation each year. An employer must consider each employee's hours of service in all 12 calendar months each year. Immediately after they achieve this cumbersome calculation at the end of the year, they must begin to offer coverage January 1st.

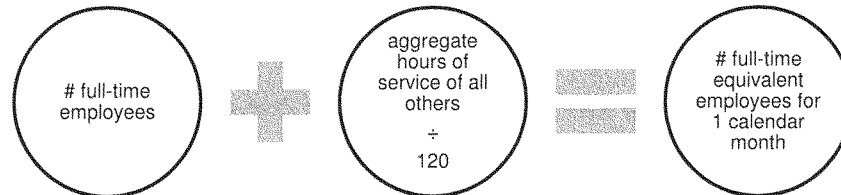
Will small employers just reaching the applicable large employer threshold on December 31, 2015, for example, be able to offer coverage a day later on January 1, 2016? We need clarification on when such employers must offer coverage in future years.

The applicable large employer determination is complicated. Employers must determine all employees' hours of service each calendar month, calculate the number of FTEs per month, and finally average each month over a full calendar year to determine the employer's status for the following year. The calculation is as follows:

1. An employer must first look at the number of *full-time employees* employed each calendar month, defined as 30 hours a week on average or 130 hours of service per calendar month.
2. The employer must then consider the hours of service *for all other employees*, including part-time and seasonal, counting no more than 120 hours of service per person. The hours of service for all others are aggregated for that calendar month and divided by 120.

⁴ Internal Revenue Code, §414 (b),(c),(m),(o).

3. This second step is added to the number of full-time employees *for a total full-time equivalent employee* calculation for one calendar month.



4. An employer must complete the same calculation for the remaining 11 calendar months and average the number over 12 calendar months to determine their status for the following calendar year.

This annual determination is administratively burdensome and costly, especially for those employers just above or below the 50 FTE threshold, who must most closely monitor their status – most likely smaller businesses. Many restaurant operators must rely on third-party vendors to develop technology or solutions to help them comply with these types of requirements but, in addition to the added costs and time this requires, vendors are backlogged and solutions are not easily accessible at this time.

OFFERING COVERAGE TO FULL-TIME EMPLOYEES

The health care law requires employers subject to the Shared Responsibility for Employers provision to offer a certain level of coverage to their full-time employees and their dependents, or face potential penalties. The statute defines full-time as an average of 30 hours a week in any given month.

This 30-hour threshold is not based on existing laws or traditional business practices. In fact, the Fair Labor Standards Act does not define full-time employment. It simply requires employers to pay overtime when nonexempt employees work more than a 40-hour workweek. As a result, 40 hours per week is generally considered full-time in many U.S. industries. In the restaurant and foodservice industry, operators have traditionally used a 40-hour definition of full-time. Adopting such a definition in this law would also provide employers the flexibility to comply with the law in a way that best fits their workforce and business models.

Compliance based on a 30-hour a week definition is further complicated by the fact that, for restaurant and foodservice operators who are applicable large employers, it is not easy to predict which hourly staff might work 30 hours a week on average and which will not. During the peak seasons, hourly employees can be scheduled for more hours as customer traffic increases, but then reduced as business slows.

One reason so many Americans are drawn to restaurant jobs is the flexibility to change your hours to suit your own personal needs. However, under this law, for the first time, the

federal government has drawn a bright line as to who is full-time and who is part-time. As a result, employers with variable workforces and flexible scheduling must alter their practices and be deliberate about scheduling hours due to the greater financial impact and potential liability for employer penalties if employees who work full-time hours are not offered coverage. If the definition is not changed to align with workforce patterns, the flexibility so many employees value will no longer be as widely available in the industry. This could result in significant structural changes to our labor market.

The National Restaurant Association and White Castle System, Inc. support efforts, such as Congressman Todd Young's bill H.R. 2575 and Senators Susan Collins' and Joe Donnelly's bill S. 1188, that would define a full-time employee under the Affordable Care Act as someone working 40 hours or more a week.

We appreciate that the Treasury Department, in its proposed rule, recognized that it may be difficult for applicable large employers to determine employees' status as full-time or part-time on a monthly basis, causing churn between employer coverage and the exchange or other programs. Such coverage instability is not in our employees' best interests. We are pleased that the Lookback Measurement Method is an option that applicable large employers may use.

While the Lookback Measurement Method's implementing rules are complex, it could be helpful for both employers and employees. Employers will be better able to predict costs and accurately offer coverage to employees as required. Employees whose hours fluctuate (variable hour and seasonal employees) have the peace of mind of knowing that if their hours do decrease from one month to the next, coverage will not be cut short before the end of their stability period.

CHALLENGES FOR APPLICABLE LARGE EMPLOYERS OFFERING COVERAGE TO THEIR FULL-TIME EMPLOYEES AND THEIR DEPENDENTS

Once an applicable large employer has determined to whom coverage must be offered, he or she must make sure that the coverage is of 60 percent minimum value and considered affordable to the employee, or face potential employer penalties.

Minimum value is generally understood to be a 60 percent actuarial test; a measure of the richness of the plan's offered benefits. This is a critical test for employers especially relating to what the employer's group health plan covers and hence what the premium cost will be in 2014. Business owners strive for certainty, and that means the ability to plan for their future costs. Employers are eager to know what their premium costs will be under the new law. Minimum value is paramount to determining that information.

On February 25, 2013 the Health and Human Services Department included the Minimum Value Calculator, one of the acceptable methods to determine a plan's value, in its Final Rule, Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation. Minimum value can now be determined using this calculator or other options, but it is still difficult to anticipate premium costs this far in advance.

Why? Rates are not usually available until a few months before the employer's plan year begins because insurance companies provide quotes based on the most current data with the greatest amount of claims history. This gives operators a short timeframe to budget and make business decisions in advance of the new plan year. Restaurant operators are eager to see premiums for 2014 and better evaluate the impact and costs associated with the employer requirements.

Employers must also ensure at least one of their plans is affordable to their full-time employees or face potential penalties. A full-time employee's contribution toward the cost of the premium for single-only coverage cannot be more than 9.5 percent of their household income to be considered affordable. Employers will not know household income – which the statute specifies – nor do they want to know this information for privacy reasons. They needed a way to estimate before a plan is offered if it will be affordable to employees.

What employers do know are the wages they pay their employees. Almost always, employees' wages will be a stricter test than household income. Employers are willing to accept a stricter test in the form of wages so that they know they are complying with the law and are provided protection from penalty under a safe harbor. The Treasury Department's proposed rule allows employers to use one of three Affordability Safe Harbors based on Form W-2 wages, Rate of Pay or Federal Poverty Line. The option of utilizing these methods will be helpful to employers as they determine at what level to set contribution rates and their ability to continue to offer coverage to their employees.

The law speaks to affordability for employees but is silent regarding whether the coverage required to comply with the Shared Responsibility for Employers section of the law is affordable to employers. As restaurant and foodservice operators implement this law, considering all of the interlocking provisions, some will be faced with difficult business decisions – between offering coverage they cannot afford with a finite dollar for benefits, and paying a penalty – an option they do not want to take, but that is equally unaffordable to them as well.

We encourage policymakers to address the cost of coverage so that the employer-sponsored system of health care coverage will be maintained, and businesses aren't forced to choose between plans they cannot afford and penalties they cannot afford.

As a family-owned American business, at White Castle, we are committed to putting people first. We have offered a health insurance benefit since 1924. This is available to all team members who work 35 hours or more per week – about half of our nearly 10,000 team members. If we were to maintain current hiring practices, we estimate the change in the definition of full-time employment will increase our health care costs as much as 35 percent.

Team members come to White Castle because of the benefits. They stay because we're a family.

Our benefits package is one of the main reasons so many of our colleagues remain with the company for so long. Twenty-seven percent of our team members have been with us 10

years or more. Many starting with the idea of working with us for a few months, and end up making it a career.

We're proud of that fact ... We're humbled by their loyalty ... And we're committed to continuing to make White Castle a rewarding place to work.

White Castle's annual turnover rate – well below the industry average – is a testament to our ability to recruit and retain great team members through the exceptional benefits we offer and tailor to fit the needs of our team members. Year after year, employees name their benefits package (health care coverage and pension) as the reason why they come to work at White Castle, and why they stay.

Because our employees remain with the company for years, our restaurants have deep roots in the communities we serve. Generations of customers and employees have shared the same great tastes, experiences, and hospitality.

We are committed to asking our employees what they value in their experience with White Castle, and what can be improved ... To truly listening to their answers ... And to taking action to respond to their needs, offering benefits they want and need.

To help us craft a benefits package that truly meets those needs, we conduct an engagement survey that measures team loyalty and what drives company commitment. Wellness incentives such as a non-tobacco user discount have been incorporated into the health plan to encourage employees to live healthy lifestyles, and to reduce coverage costs for everyone.

AUTOMATIC ENROLLMENT REQUIREMENT

Applicable large employers who employ 200 or more full-time employees are also subject to the Automatic Enrollment provision of the law. This duplicative mandate requires these employers to enroll new and current full-time employees in their lowest cost plan if the employees have not opted out of the coverage.

This provision also interacts with the prohibition on waiting periods longer than 90 days and effectively means that on the 91st day, employers must enroll a new full-time hire in their lowest cost plan if they do not opt out by that deadline. Employee premium contributions will begin to be collected.

White Castle and many other American restaurants are concerned that this could cause financial hardship and greater confusion about the law, especially for our young employees. Since 43 percent of restaurant employees are under age 26, and therefore more likely to change jobs frequently or enroll in their parents' plans, many are likely to inadvertently miss opt-out deadlines and will be automatically enrolled in their employer's health plan. This would cause significant, unexpected and, most importantly, unnecessary financial hardship.

White Castle currently employs roughly 10,000 team members, almost half of which are under the age of 26. Of those eligible for our plan, only 53 percent are enrolled, substantially less than our overall average of 80 percent enrollment.

Automatically enrolling an employee and then shortly thereafter removing them from the plan when the employee opts out increases costs without increasing our employee's access to coverage as the law intended. Since the health care law's employer Shared Responsibility provision already subjects large employers to potential penalties if they fail to offer affordable health care coverage to full-time employees and their dependents, the auto-enrollment mandate is redundant. It adds a layer of bureaucracy and, burdens businesses without increasing employees' access to coverage.

Some compare automatically enrolling employees in health benefit plans to automatically enrolling them in a 401(k) plan, but this isn't a good parallel. The financial contribution associated with health benefits can be much larger, for example: 9.5 percent of household income toward the cost of the premium for employees of large employers versus an average 3 percent automatic 401(k) contribution.⁵ The financial burden on employees of automatic enrollment in health benefit plans would be much greater than that of 401(k) plans. Additionally, 401(k) rules allow employees to access their contributions when they opt out of automatic enrollment; however, health benefit premium contributions cannot be retrieved.

We will educate our employees about how this provision impacts them, but if an employee misses the 90-day opt out deadline, a premium contribution is a significant amount of money, which can be a serious financial burden. Since the same full-time employees must be offered coverage by the same employers subject to the Automatic Enrollment provision and the Shared Responsibility for Employer provisions, we believe the automatic provision is unnecessary and should be eliminated.

The National Restaurant Association and White Castle System, Inc. support H.R. 1254, legislation introduced by Congressman Richard Hudson, together with Congressman Robert Pittenger, that would eliminate the automatic enrollment requirement that could hurt both employee and employers.

APPLICABLE LARGE EMPLOYER REPORTING REQUIREMENTS

The employer reporting requirements is a key area of implementation for employers: the required information reporting under Tax Code §6055 and §6056 from the Internal Revenue Service and the Treasury Department. These employer reporting requirements are a critical link in the chain of the law's implementation. They represent what could be a significant employer administrative burden and compliance cost.

⁵ "Disparities in Automatic Enrollment Availability," Bureau of Labor Statistics, August 2010.

The Administration's July 2, 2013 announcement and subsequent July 9, 2013 IRS Notice 2013-45 provides transition relief and voluntary compliance in 2014 for the Employer Reporting requirements under Tax Code Sections 6055 and 6056, and hence the Employer Shared Responsibility requirements under Tax Code Section 4980H.

The restaurant and foodservice industry welcomes this transition relief after asking the Administration and Congress for more time to receive, understand, and comply with the complex implementing regulations for Employer Reporting under Sections 6055 and 6056. As early as October 2011, the National Restaurant Association, as part of the E-Flex coalition, submitted comments to the Administration requesting transition relief and time to implement the reporting requirements under Tax Code Sections 6055 and 6056 once the rules were issued. The proposed rule from the Treasury Department concerning Tax Code Section 4980H was published in the *Federal Register* on January 2, 2013 to implement the employer mandate, but employers have been waiting for the proposed rules on Tax Code Sections 6055 and 6056.

Employers need the rules for these reporting requirements to set up the systems that will track data on each full-time employee and their dependents to then report this data to the IRS annually. While the first report was not originally required to be submitted to the IRS until January 31, 2015, six months (July-Dec 2013) was too short a time frame for employers to receive the rule, set up systems or engage vendors to develop information technology systems that would begin tracking the necessary data as of January 1, 2014.

We welcome the transition relief and await the proposed rule on Tax Code Sections 6055 and 6056 that the Administration stated it plans to issue later this summer.⁶ Regarding those rules, of particular concern is the flow of information and the timing of reporting employers must make to multiple levels and layers of government. Streamlining employer reporting will help ease employer administrative burden and simplify the process. The restaurant and foodservice industry, along with other employer groups, have advocated for a single, annual reporting process by employers to the Treasury Department each January 31st that would provide prospective general plan information and wage information for the affordability safe harbors, as well as retrospective reporting as required by Tax Code Section 6056 on individual full-time employees and their dependents.

CONCLUSION

Since the law was enacted, America's restaurants have taken an active role in constructively shaping the implementing regulations of the health care law. Nevertheless, there are limits to what can be achieved through the regulatory process alone.

⁶ "Continuing to Implement the ACA in a Careful, Thoughtful Manner," Mark Mazur, Treasury Notes Blog, July 2, 2013: <http://www.treasury.gov/connect/blog/Pages/Continuing-to-Implement-the-ACA-in-a-Careful-Thoughtful-Manner-.aspx>

The simple truth is, given the challenges that White Castle and other restaurant and foodservice operators face, the law cannot stand as it is today.

Congress must address key definitions in the law: The law should more accurately reflect restaurant and foodservice operators' needs – and our employees' desire for flexible hours.

We ask you to simplify the applicable large employer determination and remove the unnecessary burdens on small businesses, who must closely track their status from year-to-year.

And we ask you to eliminate the duplicative automatic enrollment provision, as it has the potential to confuse and financially harm employees while burdening employers, without ever increasing employee's access to coverage.

Thank you again for the opportunity to testify before you today regarding the employer mandate and how the transition relief is impacting restaurants like White Castle.

This law is one of the most significant requirements our industry has had to comply with that any can remember. While we appreciate the transition relief, giving us the opportunity to receive and understand the rules and then implement them, the industry still faces challenges only Congress can address: the definition of full-time employee, the determination of who is an applicable large employer under the law, and the elimination of the automatic enrollment provision.

We are both proud and grateful for the responsibility of serving America's communities – creating jobs, boosting the economy, and serving our customers. We are committed to working with Congress to find solutions that foster growth and truly benefit the communities we serve.

Chairman ROE. Thank you, Mr. Richardson.
Mr. Pollack?

**STATEMENT OF MR. RON POLLACK, EXECUTIVE DIRECTOR,
FAMILIES USA, WASHINGTON, DC**

Mr. POLLACK. Chairman Roe, Walberg, Ranking Members Andrews and Courtney, Chairman Kline, Ranking Member Miller, in my written testimony I covered three topics.

One, the numerous ways the Affordable Care Act is already providing significant benefits and protections for many millions of Americans.

Two, the additional and even more significant ways that the Affordable Care Act will provide meaningful help for an increasing number of Americans.

And number three, how the 1-year delay of the employer mandate is much ado about very little.

I will be happy to respond during the Q&A session about the sky is falling rhetoric about how the Affordable Care Act impacts on jobs.

With respect for the committee's time, I will not repeat the written testimony that was submitted to the committee in advance and suffice, it will be in the record.

Instead, I hope it will be helpful to offer a frank perspective about the current context of the continuing debate about the Affordable Care Act.

A number of months ago, after the November elections, Speaker Boehner appropriately said that the Affordable Care Act is the law of the land. However, both before and since that time, opponents of the Affordable Care Act have demonstrated an obsession about obstructing the law of the land.

This obsession with obstruction has taken at least eight forms and they are often absurd, in some instances ironic, and all are contrary to the best interests of families across America.

The first and most farcical manifestation of this obsession is the repetitive, perhaps unprecedented and certainly futile series of repeal votes here in the House. By most counts, it is now 39 such votes.

Second, people across America have been subjected to an incessant barrage of false charges about Obamacare. Most obvious and pernicious has been the claim that the legislation creates death panels. Other examples abound.

Third, opponents of the Affordable Care Act have pushed states to refuse to set up new health insurance marketplaces. Most ironically, it has been these efforts that have caused the federal government to set up the marketplaces instead, something that one might think is anathema to conservative thinking.

Fourth, some Obamacare opponents have filed two federal lawsuits to prevent middle class and moderate income families in states with federal marketplaces from receiving tax credit premium subsidies. Here again, irony is rampant.

Even though they are unlikely to succeed, if they did succeed, it would be taxpayers in the most conservative states that would be harmfully affected.

Fifth, Obamacare opponents are attempting to prevent states from implementing the Medicaid expansion. Tragically, in the states that have not yet committed to the expansion, many millions of those in greatest need in America will continue to be uninsured.

Thankfully, nine conservative Republican governors have said this is helpful for their states.

Sixth, the Senate's Republican leaders sent letters to the commissioners of national sports leagues, the NFL, NBA, Major League Baseball, urging them to refrain from informing their fans about new opportunities under the Affordable Care Act.

Seventh, state legislative opponents of Obamacare have promoted and in a number of instances adopted legislation designed to impeded church and social service agencies from helping Americans learn about the benefits of the Affordable Care Act.

These new laws are absurdly designed to force such public spirited groups to secure licenses before they can go about their public education efforts.

And eighth, the conservative group, FreedomWorks, is campaigning to get young adults to opt out of coverage with online video training and educational manuals to spread the word on college campuses. The campaign is called "Burn Your Obamacare Draft Card."

These efforts demonstrate a clear and perhaps unprecedented obsession with obstructing the law of the land, and they may reflect desperation because the clock is ticking.

Americans will soon receive significant new benefits and protections and will understand how the Affordable Care Act can improve their lives as the first coverage enrollment periods begin in October and benefits become available in January.

This obsession with obstruction is unworthy of America's families across the nation. Hopefully, in the not-too-distant future, this obsession with obstruction will end.

Moving forward, since no legislation, including the Affordable Care Act, is perfect, it will be far more productive if the law's many proponents and opponents work together and constructively to improve the law and help to strengthen America's health care system.

We look forward to participating in that process.

[The statement of Mr. Pollack follows:]

Testimony to the United States House of Representatives, Committee on Education and the Workforce, Subcommittee on Health, Education, Labor, and Pensions and Subcommittee on Workforce Protections

**Written Testimony for the Record by
Ron Pollack, Executive Director, Families USA, on
"The Employer Mandate: Examining the Delay and Its Effect on Workplaces"
Tuesday, July 23, 2013**

Chairman Roe, Ranking Member Andrews, Chairman Walberg, Ranking Member Courtney, members of the Committee, thank you for the opportunity to address you today.

Since 1982, Families USA has worked to promote access to affordable, high-quality health care for all Americans. On January 1, 2014, we will take a giant step toward achieving that goal. On that day, millions of Americans who are currently without health insurance will become eligible for coverage under the Affordable Care Act. This is an unprecedented opportunity for millions to obtain health care security. That is something that I and the members of this Committee currently enjoy but is denied to far too many Americans.

Millions of Americans Are Already Benefitting From the Affordable Care Act

The monumental changes that will begin on January 1 will make obtaining health coverage fairer and more affordable for millions of Americans. But they will be building on changes that have already taken place since the passage of the Affordable Care Act. For more than three years now, the health care law has been making health insurance more available and more affordable for consumers and employers. Millions have benefited from changes that are already in place. I'd like to note some of these changes and how they have affected the lives of Americans across all spectrums.

- Young adults can now stay on their parents' insurance plans until they are 26 years old. We have already seen the positive effects of this protection. More than 3 million young adults have gained health coverage since this provision went into effect in September 2010.¹
- Insurance companies are now held accountable for how they spend consumers' premium dollars. They are now required to spend at least 80 percent of premium dollars on actual medical benefits, instead of overhead or profits. Insurance companies must return a portion of premium payments to consumers if they do not meet this requirement. This year, more than 8 million policy holders will receive an estimated \$500 million in rebate

checks.² In addition, by making insurance companies operate more efficiently, this change saved consumers more than \$3 billion on their premiums in 2012.³

- Because of the changes in the Affordable Care Act, the Medicare Part D prescription drug benefit coverage gap, known as the “doughnut hole,” is gradually being reduced. To date, this change has saved seniors more than \$6 billion in prescription drug costs.⁴ In 2020, the doughnut hole will be eliminated, and seniors will no longer experience a gap in prescription drug coverage. This change is especially important as drug costs are increasing.
- The Affordable Care Act eliminates cost-sharing for a number of preventive care services, including recommended vaccines; cholesterol and blood pressure screenings; and recommended cancer screenings, such as colonoscopy for adults over age 50. This is helping to transform our “sick care” system into a true health care system. More than 70 million Americans are estimated to have received preventive care services with no out-of-pocket costs because of this change.⁵
- Small businesses are being helped by a new tax credit that makes it easier for them to pay for insurance for their employees. An estimated 3.2 million small businesses across all states, employing an estimated 19.3 million workers, were eligible for this tax credit in 2011 alone.⁶ That represents more than 70 percent of all businesses with fewer than 25 workers.⁷
- Purchasing health insurance is now easier for Americans. Before the Affordable Care Act, insurance marketing materials could be confusing, making it hard for consumers to comparison shop or to even understand their own coverage. The Affordable Care Act requires health insurers to provide consumers with clear, consistent, and comparable summary information about their health plan benefits and costs. This makes it easier for consumers to be informed purchasers of health insurance.

New Consumer Protections and Health Coverage Options Will Help Millions Next Year

These are just some of the benefits of the Affordable Care Act that Americans are already enjoying today. Starting January 1, 2014, new consumer protections will go into place that will extend the benefit of reliable health coverage to millions who would otherwise be uninsured or uninsurable.

- More people will have the security of knowing that they will be able to purchase health insurance. 57.2 million non-elderly adults and children in the United States—more than one in five—have a pre-existing condition that could lead to denial of coverage in today’s

individual insurance market.⁸ Starting January 1, 2014, the Affordable Care Act prohibits insurance companies from denying people coverage, denying coverage for particular services, or charging individuals more if they have a pre-existing condition. As a result, Americans who have pre-existing conditions or a family member with a pre-existing condition will no longer be locked into jobs that do not allow them to use their full potential just to retain health coverage.

- Fewer people will be saddled with unmanageable medical debt. Medical costs have been a major contributing factor in more than half of all bankruptcies in recent years in the United States.⁹ Many of those who experience medical bankruptcy have health insurance, but they might be left with unmanageable bills because of lifetime or annual coverage limits. The health care law banned lifetime limits in 2010, and, as of January 1, 2014, health insurance policies will no longer be allowed to set annual limits.
- Millions of Americans will have new health coverage options, and premium subsidies will be available to make that coverage more affordable. Starting October 1, open enrollment in plans in new health insurance marketplaces will begin, with coverage becoming effective January 1, 2014. Premium subsidies to make coverage more affordable will be available for individuals with incomes up to four times the federal poverty level (approximately \$46,000 for an individual living alone or \$94,200 for a family of four in 2013). Those premium subsidies will ensure that moderate-income individuals and families do not have to spend more than a set percentage of their income on health insurance. The premium subsidies will be provided on a sliding scale, with the lowest income people receiving the largest subsidies. Young adults – who tend to be unemployed or in entry-level jobs – are likely to receive the largest premium subsidies.
- Many states will be expanding their Medicaid programs to extend health coverage to all residents with incomes below 138 percent of poverty (\$32,499 for a family of four in 2013). Previously, many individuals in those states were not eligible for Medicaid assistance no matter how poor they were.

These momentous changes will mean greater health care security and economic opportunity for all Americans. It is critically important that consumers get accurate information about their new options.

Buying health insurance is an important decision for a family that should be carefully considered. The federal government, states, localities, consumer groups, health care providers, businesses, and others will be coming together to help educate Americans so that they can take full advantage of the new opportunities available to them under the law. Rather than wasting time trying to hinder successful implementation of the law or causing families undue worry by indicating that the law's consumer benefits will not be fully realized, it would be wise, and in the

best of interest of those they represent, for members of Congress to focus on educating their constituents on how to enroll in coverage and take full advantage of the new opportunities available.

Delay in Employer Requirements Will Not Affect Implementation

On July 2, 2013, the Department of the Treasury and the White House announced that they were delaying for one year the reporting requirements that the Affordable Care Act includes to help the Internal Revenue Service enforce the law's employer responsibility provision. This provision requires employers to provide health coverage to full-time employees or pay a penalty. However, the provision is limited in scope—it applies only to employers with at least 50 full-time employees. The consternation that this delay has caused from some quarters is much ado about very little.

The Obama administration chose to give businesses an additional year to comply with reporting requirements in response to feedback from businesses that the requirements were too complicated and that they needed additional time to comply. The Administration has concluded that employers would simply not be able to implement the requirements of the law at this time. Businesses have responded favorably to the delay. Historically, both Democratic and Republican administrations have sometimes delayed implementing legislation due to time constraints, which appears to be the case here.

I do not expect this small delay to have a significant impact on the ongoing successful implementation of the Affordable Care Act for several reasons—the principal reason being that the vast majority of employers that would be affected by the mandate already provide health coverage to their workers.

Ninety-eight percent of employers with 200 or more employees and 94 percent of employers with 50 to 199 employees already offer their workers health insurance.¹⁰ These employers are offering coverage absent any federal mandate or associated penalty. There is no reason to believe that this will suddenly change in 2014 if the employer mandate is delayed for one year.

A recent survey from the International Foundation of Employee Benefit Plans found that 94 percent of employers stated that they would “definitely” or be “very likely” to keep offering coverage once the Affordable Care Act is fully implemented.¹¹ Less than 1 percent are expected to drop coverage. The reasons employers gave for offering coverage were primarily to retain or attract talented employees. That dynamic will be the same in 2014 as it is today, whether or not there is a one-year delay in the employer mandate.

A key goal of the Affordable Care Act is to extend health coverage to the tens of millions of Americans who do not have it now. It does so while taking significant steps to decelerate health

care costs. In January, we will take huge steps to that make the coverage goal a reality, which will improve the health, financial security, and lives of Americans. The increased flexibility given to employers, most of whom already provide health coverage, will have little impact on that outcome.

What is important now is that members of Congress come together, support implementation of the law, and encourage their constituents to take advantage of the new opportunities available. That should be everyone's number one priority.

¹ Benjamin Sommers, *Number of Young Adults Gaining Insurance Due to the Affordable Care Act Now Tops 3 Million* (Washington: Department of Health and Human Services, Office of the Assistant Secretary of Planning and Evaluation, June 2012), available online at <http://aspe.hhs.gov/aspe/gaininginsurance/rb.pdf>.

² Department of Health and Human Services News Release, "Consumers Saved \$3.9 Billion on Premiums in 2012," June 20, 2012, available online at <http://www.hhs.gov/news/press/2013pres/06/20130620a.html>.

³ *Ibid.*

⁴ Department of Health and Human Services News Release, "Seniors Saved Over \$6 Billion on Prescription Drugs as a Result of the Health Care Law," March 21, 2013, available online at <http://www.hhs.gov/news/press/2013pres/03/20130321a.html>.

⁵ Laura Skopec, et al., *Seventy-One Million Additional Americans Are Receiving Preventive Services Coverage without Cost-Sharing under the Affordable Care Act* (Washington: Department of Health and Human Services, Office of the Assistant Secretary of Planning and Evaluation, March 2013), available online at http://aspe.hhs.gov/health/reports/2013/PreventiveServices/ib_prevention.pdf.

⁶ Kathleen Stoll, et al., *Good Business Sense: The Small Business Tax Credit in the Affordable Care Act*, (Washington: Families USA and the Small Business Majority, May 2012), available online at <http://familiesusa2.org/assets/pdfs/health-reform/Small-Business-Health-Care-Tax-Credit.pdf>.

⁷ *Ibid.*

⁸ Christine Sebastian, et al., *Health Reform: Help for American with Pre-Existing Conditions* (Washington: Families USA, May 2010), available online at <http://www.familiesusa.org/assets/pdfs/health-reform/pre-existing-conditions.pdf>.

⁹ David Himmelstein, et al., "Medical Bankruptcy in the United States, 2007: Results of a National Study," *American Journal of Medicine* 122(8) (August 2009): 741-6, available online at http://www.pnhp.org/new_bankruptcy_study/Bankruptcy-2009.pdf.

¹⁰ Gary Claxton, et al., *Employer Health Benefits 2012 Annual Survey* (Washington: Kaiser Family Foundation, September 2012), available online at <http://kaiserfamilyfoundation.files.wordpress.com/2013/04/8345.pdf>.

¹¹ Neil Mrkvicka, et al., *2013 Employer-Sponsored Health Care: ACA's Impact* (Brookfield, WI: International Foundation of Employee Benefit Plans, 2013), available online at <http://www.ifebp.org/pdf/research/2103ACAImpactSurvey.pdf>.

Chairman ROE. Thank you, Mr. Pollack.
Dr. Holtz-Eakin?

**STATEMENT OF MR. DOUGLAS HOLTZ-EAKIN, PRESIDENT,
AMERICAN ACTION FORUM, WASHINGTON, DC**

Mr. HOLTZ-EAKIN. Thank you Chairman Roe and Walberg, Ranking Members Andrews and Courtney, and Chairman Kline, Ranking Member Miller, for the chance to be here today. It is a great privilege.

Clearly, the employer mandate is going to have strong incentive effects on growth and employment, the mix of full and part-time, and the kind of compensation workers will receive.

It has been well-recognized that for example, in large firms, those above 50, the best outcome one can get is zero, and that would be a firm that is already offering coverage to everyone and it satisfies the requirements of the law, and the law has no impact; it is redundant.

Past that and as Grace-Marie Turner pointed out, about 46 percent of the uninsured in these large firms, there will be impacts on them. They will have to cover health insurance costs. Those resources will compete with the chance to hire or otherwise expand payrolls. In small firms, there is a sharp cliff at 50 employees where you would expect growth to be impacted.

Below that, the very tax credit that is meant to ameliorate the impact of the mandate in fact has quite perverse growth incentives, penalizing those firms that grow above 25 employees, penalizing those firms that pay higher average wages. All of this is a strong anti-growth impact from the mandate itself.

This takes place in the context of the other taxes, roughly \$1 trillion over the next 10 years and regulations embodied in the Affordable Care Act, it is hard to describe this as a pro-job growth piece of legislation.

We have heard a lot of testimony and the incentives are quite clear under the mandate to move to part-time employees and the data are quite clear that we are seeing an increasing trend toward part-time employment in the United States. All that remains is for scientific studies to link the two closer together. It is conjecture at this point, but it is quite strongly persuasive.

The third impact is on the kinds of compensation that employees will get. Obviously, a requirement to provide health insurance moves the mix toward insurance and away from cash wages at a time when we have seen a stagnation in the cash wages of American workers. Median family incomes have declined during this recovery for example and this will impede the growth even further.

This has the strongest impact on low-wage workers. Imagine a minimum-wage worker whose employer is required to cover health insurance. You can't lower the cash wages of that individual. Instead, there is an incentive to no longer employ them or move them to part-time employment. It is bad news for the worker.

Or, and this is one of the most striking impacts, the arithmetic is quite compelling that for workers up to about 300 percent of the poverty line, it is in the combined interest of the employee and the employer to arrange for that individual to get their insurance in the exchanges and pick up the federal subsidies.

As result, one would expect that to the extent firms and workers pursue this, we would see churn not only in their insurance coverage, but in the provider networks underneath that; nothing that anyone describes as a desirable outcome from a health policy point of view.

These incentive effects have been in the law from the first drafts and have been quite broadly discussed. We are now starting to see evidence of these impacts. The most strong evidence that we have to date are the polls, some of which are included in my written testimony, where employers are reporting that they have in fact pulled back on their hiring, moved to part-time workers, are worried about the costs of the health care law, and that this is impeding their business operations.

The decision to waive enforcement for a year doesn't change any of those basic long run incentives, and I think it is the strong reading of the economics literature that permanent incentives have much stronger impacts than temporary ones.

We have been through this debate in the context of stimulus where one-time policies often don't have much bang for the economic buck and we will see that again in this context.

To the extent that there will be an impact, the one thing it does do is for those employers who have decided to get out of the business of providing health insurance, they have a 1-year firesale on the chance to do that. There is no penalty. They can accelerate their movement of employees into the exchanges.

This would raise the taxpayer cost clearly more quickly than it would otherwise, and given the sort of knock-on effects of this lack of enforcement on the ability to collect information about the eligibility for subsidies, on the size of subsidies, when we expect the taxpayer costs to be larger than it need be, and there is also some concern that it would impact the ability to enforce the individual mandate. The lack of complete reporting will be difficult in 2014.

So this is a—the mandate has been a contentious issue from the beginning. The waiver is again, just bad news. There is no good news here from the point of view of employees and employers trying to grow and provide the compensation packages that they want.

Thank you.

[The statement of Mr. Holtz-Eakin follows:]

How the Affordable Care Act and the Employer Mandate
Impacts Employers: An Overview

U.S. House of Representatives
Committee on Education and Workforce
Subcommittee on Health, Education, Labor and Workforce
Subcommittee on Workforce Protections

Douglas Holtz-Eakin, President*
American Action Forum

July 23, 2013

*The views expressed here are my own and not those of the American Action Forum. I thank Emily Egan and Chris Holt for their assistance.

Chairman Roe, Chairman Walberg, Ranking Member Courtney, Ranking Member Andrews and members of the committee, thank you for the opportunity to testify today regarding the labor market impacts of the Affordable Care Act's (ACA's) employer mandate. The American Action Forum tracks closely ACA implementation, and I am pleased to share an overview of how this provision, along with other key legislative and regulatory burdens, impacts the American workforce and the economy.

I hope to convey three main points:

- The ACA will contribute to slower job growth. The employer mandate is a disincentive for hiring; combined with regulatory burdens and new taxes the net effect will be to limit the ability for firms to grow;
- The law will lead to a greater reliance on a part-time workforce, as companies will not be mandated to provide health insurance benefits to part-time workers. These workers will thus have to make do with a reduced income or balance multiple part-time jobs; and
- The law will change how employees are compensated. Both the rising cost of insurance premiums (including the taxes on those insurance plans) and the availability of subsidized coverage will make employers more likely to forgo health benefits and raise monetary compensation.

Let me discuss these in turn.

Introduction

The 2010 Affordable Care Act contains a number of provisions that will greatly impact the labor market, the workforce, and employers of all sizes. In general, the impacts derive from the overall effects on the pace of economic growth, as well as the specific incentives deriving from taxes, subsidies, and regulations. These factors will influence the overall pace of job growth, the mix of full-time and part-time workers, and the form of compensation for workers.

Affordable Care Act Provisions that Impact Jobs and Compensation

At the broadest level, the ACA is anti-growth policy. It creates a new, large mandatory spending programs, exacerbating the projected debt burdens. Along with this, the ACA

contains over \$1 trillion in new taxes and an array of costly regulations. The overall impact is to impose new drag on economic growth and job creation.

Turning to specific provisions, the employer mandate impacts hiring and employees' hours because it requires employers with 50 or more full-time employees to provide health insurance and carries a specific, per-employee fine for noncompliance. The financial impacts to those that do not provide coverage or for firms that are looking to hire the 50th worker are clear. For example, a 49-employee firm that does not provide coverage and elects to hire their 50th employee now faces a fine of \$40,000 per year, which is the \$2,000 per employee penalty above the first 30 employees. A small firm can skirt this requirement by switching to part-time workers.

In addition, complex reporting requirements exist that are less obvious, but add paperwork and costs nonetheless. Even for companies that currently provide coverage and will continue to do so, the mandate requires disclosure of their employees' salaries and health insurance coverage; including the names and Social Security numbers of employees and family members who are eligible, what the insurance covers, and the cost to the employee of the different plans offered. While employers are reporting relief that the mandate will begin in 2015 rather than 2014, a one-year delay only temporarily lessens the burden of health reform. It does however, make it more likely that employers who were already contemplating dropping health insurance benefits and shifting employees onto the exchanges will do so, which is, in essence, additional advertising for the exchanges. The Department of Health and Human Services (HHS) does not have the budget they would like to promote the exchanges, and a delay in the mandate has the potential to serve as free marketing.

Despite a mandate to offer coverage, financial incentives are embedded in the ACA that encourage employers to drop health benefits and shift workers onto the health insurance exchanges; as virtually all employers and some low and moderate income employees would be financially better off for doing so. If the exchanges are implemented on time and become a viable market for health insurance, firms may drop benefits, pay the fine, and give employees additional wage compensation in lieu of their health insurance.

Furthermore, the law includes a health insurance tax on all plans, an excise tax beginning in 2018 on plans deemed overly generous (the "Cadillac tax"), and mandates that small group plans cover a comprehensive list of "essential benefits". All of these will result in higher benefit costs for employers. This reduces firms' ability to pay adequate wages, increase their labor force, and invest in their business; adding yet another reason firms may stop providing benefits and instead increase monetary compensation.

It is clear that the law is having a negative impact on employers already and when employers are either reluctant to hire or reducing employee hours, the labor market

suffers. This is particularly concerning at a time in our economy when 1 out of 7 Americans are receiving food stamps¹ and unemployment is stagnant at 7.6 percent², a time when we need policies that increase the full-time workforce.

The suspension of the employer reporting requirements makes the individual mandate and application process for exchange subsidies dependent upon the honor system in 2014. The Administration is optimistically assuming that the public will understand the complicated exchange application's questions about their income, employer sponsored insurance options and employee portion of such insurance, and then, even more optimistically, assuming applicants will answer every question correctly and honestly. In reality this is likely to result in significantly more federal spending on exchange subsidies, and less individual mandate penalty revenue than previously expected.

While some provisions in the ACA that apply to employers are already in force, such as the requirement to cover employees' dependents up to age 26 and the prohibition of annual or lifetime coverage caps, the major reforms begin in 2014, and now 2015. As a result much of the writing about the ACA's impact is speculation from anecdotal reports of employers' benefit decisions and modeling of the economic impacts of the various policies. However, we also have valuable data from annual employer surveys, several of which will be detailed in this testimony.

The surveys were conducted prior to the July announcement of the employer mandate delay, but the delay is unlikely to change the overarching conclusions. Employers are reacting to the uncertainty by studying their options, limiting hiring and reducing hours in anticipation of the ACA. For those firms leaning toward dropping coverage, having the penalties delayed for one year will only accelerate their doing so; for firms set on continuing coverage for the immediate future, the mandate delay is unlikely to cause a change of course.

An April 2013 Gallup poll of small business owners found that the ACA is impacting their health care costs, hiring decisions, and benefit plans. Key findings include:

- Of those surveyed, 41 percent held off hiring new employees,
- 19 percent of those surveyed reduced employees, and
- 18 percent of firms reduced employee hours to part-time status.

The International Foundation of Employee Benefit Plans conducted a survey in March 2013 of 966 individuals, each representing an employer-sponsored plan from a variety of large and small firms. The survey found that employers are feeling the cost impact of the ACA,

¹ <http://blogs.wsj.com/economics/2013/06/08/number-of-the-week-140-increase-in-food-stamp-use-since-1990/>

² <http://www.bls.gov/news.release/empsit.nr0.htm>

and making health insurance and hiring decisions that reflect their concern about the law. Key findings include:

- Of those surveyed only 12 percent responded that costs had stayed the same or decreased; of the 88 percent that reported a cost increase, the respondents were about evenly split between costs directly attributed to the ACA increasing fewer than 5 percent and more than 5 percent,³
- 17 percent have begun to change their plans in order to avoid the Cadillac tax in 2018,
- 19 percent of small employers (under 50) are reducing hiring to avoid being subject to the employer mandate, and
- 15 percent plan to adjust hours so fewer employees are covered under the employer mandate.

A survey conducted by Towers Watson found that companies are likely to continue offering coverage in the near term, but only 26 percent of survey respondents were confident that their firm would be offering health benefits in 10 years.⁴

It is clear from the results above that employers are studying their options, watching cost growth, and making small changes to their business practices to reduce their health insurance liability.

Regulatory Burden

It is relatively easy to estimate the amounts in penalties, taxes, and health insurance costs that employers face. While more difficult, it is important to recognize as well the costs imposed by the ACA's massive regulatory burden and the uncertainty inherent in sweeping reforms. Estimates from the American Action Forum indicate that the ACA imposes \$30 billion in regulatory compliance costs, as the result of 80 billion paperwork hours, on states and private entities.

In the process of implementing the ACA, the Department of Health and Human Services has violated the Paperwork Reduction Act a massive 154 times since 2009, which represents over 30 percent of the total violations in that time period, and nearly double that of any other administrative agency.⁵

³ <http://www.ifebp.org/Resources/Research/empsponsoredhcimpact13.htm>

⁴ <http://www.towerswatson.com/en/Insights/IC-Types/Survey-Research-Results/2013/03/Towers-Watson-NBGH-Employer-Survey-on-Value-in-Purchasing-Health-Care>

⁵ <http://americanactionforum.org/topic/regulatory-lawbreakers-agencies-fail-comply-paperwork-reduction-act>

When the Congressional Budget Office (CBO) reviewed the ACA under the Unfunded Mandates Reform Act (UMRA), it acknowledged the law “would greatly exceed” statutory cost thresholds (\$70 million for local governments and \$141 million for the private sector) “in each of the first five years that the mandates would be in effect.”⁶ After approximately three years of implementation, ACA’s regulatory burdens have greatly exceeded UMRA’s thresholds. These regulatory costs will place tremendous pressure on doctors, hospitals, health issuers, and particularly small businesses.

For example, ACA’s 80 million hours of paperwork is the equivalent of 39,822 employees working an entire year filling out the law’s new paperwork (assuming a 2,000-hour work year). We can conceptualize paperwork burdens by examining gross domestic product per hour worked. According to the Bureau of Labor Statistics, that figure was \$61.59 in 2011.⁷ Thus, ACA’s red tape alone costs the U.S. approximately \$4.9 billion annually, a figure that will grow as the pace of implementation quickens this year.

Clearly the regulation is damaging enough, but it is also difficult for businesses to comply with and manage their new responsibilities under the ACA when the Administration is not releasing rules in a timely manner in accordance with their own deadlines. We estimate that the Administration has missed half of their self-imposed deadlines for proposed and final rules related to the ACA. Even the latest delay, which employers welcome, is leaving people wondering what else will be delayed prior to 2014. The uncertainty makes it difficult for companies to make business decisions and do cost-benefit studies regarding their health insurance plans and hiring decisions.

Conclusion

The ACA will continue to have a damaging impact on the American economy, as it imposes both a financial and paperwork burden on employers, creates uncertainty about labor costs, and has clear disincentives for hiring full-time workers. The employer mandate is a key failing of the law, as it will not actually compel employers to add coverage, and it depends on a complicated reporting and information system that the Administration was unable to implement in the three years since the law passed. While firms are waiting to understand how this law will impact their business, they are making decisions now to limit their future financial liabilities, and thus hiring less than they would in the absence of the law.

⁶ <http://www.cbo.gov/publication/22075>

⁷ http://www.bls.gov/ilc/intl_gdp_capita_gdp_hour.htm#table03

Chairman ROE. Thank you, Dr. Holtz-Eakin.

Mr. Walberg?

Mr. WALBERG. Thank you, Mr. Chairman.

If I might, the distinguished ranking member mentioned the efforts in the House to repeal Obamacare and also to address some of the concerns especially the closing concerns of Mr. Pollack.

I would like unanimous consent to insert into the record a list of seven House-passed bills President Obama signed into law that repeal or defund parts of Obamacare.

[The information follows:]

BLOG ABOUT JOHN BOEHNER PHOTOS & VIDEO LEGISLATIVE INITIATIVES CONTACT

LIVE TODAY @ 10:00 AM ET | GOP Leadership Press Conference | [WATCH LIVE HERE](#)

Seven House-Passed Bills President Obama Signed that Repeal or Defund Parts of His Health Care Law

Posted by [Don Seymour](#) | May 14, 2013 | General

The House will vote on H.R. 45 this Thursday to fully repeal the president's health care law, which is [driving up costs](#), [jeopardizing seniors' access to care](#), and [making it harder for small businesses to hire](#). While our goal is to repeal all of ObamaCare -- and this will be the third time the Republican-led House has voted for full repeal since 2011 -- we've already succeeded in repealing and defunding parts of it.

Here's a look at how seven bills* signed by President Obama helped dismantle provisions of his health care law to protect our economy and save taxpayers tens of billions of dollars:

- **H.R. 4:** Repealed the small business paperwork ("1099") mandate: The paperwork mandate was called "[one of Washington's dumbest ideas](#)" -- it would have destroyed jobs and "hit start-ups hardest, not to mention farms, charities and churches." House Republicans kept their [Pledge to America](#) and repealed it. H.R. 4 also reduced exchange subsidy overpayments by \$25 billion.
- **H.R. 1473:** Cut \$2.2 billion from a "stealth public plan" and froze the IRS budget: H.R. 1473 [undermined ObamaCare](#) by cutting \$2.2 billion from the "Consumer Operated and Oriented Plan" (CO-OP) program -- a "[stealth public plan](#)." It saved \$400 million by eliminating "Free Choice Vouchers," which [The Hill](#) warned "could lead young, healthy workers to opt out" of their employer plans, "driving up costs for everybody else." And it ensured the IRS wouldn't receive additional funding for new agents to enforce the president's health care law.
- **H.R. 674:** Saved taxpayers \$13 billion by adjusting eligibility for ObamaCare programs: This bill not only [repealed a devastating IRS withholding tax](#) -- it saved taxpayers \$13 billion by changing how the eligibility for certain programs is calculated under ObamaCare. Without the change, a couple earning as much as \$64,000 could still qualify for Medicaid.
- **H.R. 2055:** Made more cuts to CO-OPs, IPAB, IRS: [This bill](#) shaved another \$400 million off the CO-OPs; cut another \$305 million from the IRS to hamper its ability to enforce the law's tax hikes and mandates; and rescinded \$10 million from the Independent Payment Advisory Board (IPAB) of bureaucrats, to which Republican leaders are [declining to recommend appointments](#).
- **H.R. 3630:** Slashed billions from ObamaCare slush funds: Republicans fought for another \$11.6 billion in savings, saving taxpayers \$5 billion from the Prevention & Public Health slush fund, \$2.5 billion from ObamaCare's "[Louisiana Purchase](#)," and more.
- **H.R. 4349:** Saved another \$670 million from the "Louisiana Purchase": This saved another \$670 million by further adjusting a drafting error that made the "Louisiana Purchase" even costlier.
- **H.R. 8:** Repealed the unsustainable CLASS program: H.R. 8 saved \$9.5 billion by repealing the Community Living Assistance Services and Supports (CLASS) program, an [unsustainable entitlement program](#) whose phony "savings" were used by Democrats to mask the true cost of ObamaCare. The former Democratic chairman of the Senate Budget Committee called CLASS "[a Ponzi scheme of the first order, the kind of thing Bernie Madoff would be proud of](#)." The bill also rescinded all unobligated CO-OP funds -- another \$2.3 billion savings for taxpayers.

Are these enough? Of course not -- full repeal is needed to keep this law from doing more damage to our economy and jacking up costs on Americans. But Republicans have made some progress, and will keep working to scrap the law in its entirety so we can focus on patient-centered reforms that lower health care costs and protect jobs.

* Information compiled by the Office of the Majority Whip Kevin McCarthy (R-CA)

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Chairman ROE. Without objection.

Mr. WALBERG. Dr. Holtz-Eakin, 75 years ago, the Fair Labor Standards Act was established and it established a 40-hour work week for purposes of federal overtime requirements. The President's health care law is the first and only federal law that considers a full-time employee is one that works 30 hours a week or more.

I would like, if you could, to expand your thoughts as to how this provision as well as the rest of the employer mandate act as a disincentive for hiring employees in positions over 30 hours a week.

Mr. HOLTZ-EAKIN. Well, the arithmetic is quite clear. You will have to incur substantial health care costs if you have full-time employees.

I promise you that employers think about this. It is absolutely in their fiduciary obligations to look at both the continuation of coverage and the continuation of full-time employment.

I did it as an employer at a think tank. You have to look at this. So I think there is a concern.

It also makes it more complicated. You are now complying with two sets of regulatory standards, one at 40, one at 30. It makes life harder for small businesses, many whom are not expert in compliance with federal regulations.

So I think, you know, the notion that this is going to be a good news story either for the total number of employees or the number of full-time employees is it just hard to make.

Mr. WALBERG. Mr. Richardson, if your employees like their health care coverage, will they be able to keep it? You have had coverage since 1924.

Mr. RICHARDSON. We have had coverage since 1924, and our full-time team members are eligible and 80 percent of those team members take the coverage.

The biggest challenge for us right now is this new definition of full-time. You know, we chose to use 35 hours as a full-time definition.

When we look at what this will translate to, our highest hope is to allow everyone who has benefited from that insurance to be able to hold onto it, but when we look to the future, we can't foresee a future where we are able to hire new hires as full-time employees.

We think transparency equals trust and so our focus is going to be on for those who have the insurance, doing everything we can within our power to make sure we are still providing that, but that for new hires, we tell them coming in, we are not going to be able to provide that because we are hiring you as part-time, which we would schedule it around 25 hours a week.

Mr. WALBERG. Okay.

Transparency, you mean trust, I must chastise you for wearing that tie that is causing a craving for sliders in me right now with hundreds of White Castle sliders on that tie, but I will forgive you.

Mr. RICHARDSON. We were aiming for subtle, but I am glad you picked up on it.

Mr. WALBERG. I picked up on it.

Mr. Richardson, for many months now the top concern that employers and employees throughout Michigan tell me about is that

employer mandates, 30 hours equivalency for full-time employment is leading to less opportunity, less take-home pay, and losses of health insurance.

Last month I had the opportunity to question the Secretary of Health and Human Services, Secretary Sebelius, as to the devastating economic effect of this new requirement.

She told me and this committee that since the benefits didn't start until January 1 of 2014, she was, and I quote—"Not at all confident that some of the speculation of what may or may not happen will actually happen."

And so, Mr. Richardson, are the loss of hours and health benefits caused by this law just speculation in the restaurant industry?

Mr. RICHARDSON. In restaurants across America, we are concerned. We were thankful for some temporary relief, but it is beyond concern. It is extreme anxiety because we know the costs that are coming are real.

Just the change in the definition of full-time for White Castle alone, and we literally sat in meetings the last week in June talking about this before the July 2 announcement, but when we look at the band of team members we have between 30 and 35 hours and calculate the added cost, we are looking at a 35 percent increase in our cost for health insurance to be able to provide a greater number—

Mr. WALBERG. So this has a huge effect on your planning, as well, in moving forward?

Mr. RICHARDSON. Yes. We invest \$30 million a year in our health insurance program and it would be north of \$8 million or \$9 million more per year.

Mr. WALBERG. And you have already said it is cutting back on the number of new stores that you plan to put in place.

Mr. RICHARDSON. It stopped us in our tracks when it comes to growth and expansion.

Mr. WALBERG. I thank each of the witnesses and I see my time is ending, so I will yield back.

Chairman ROE. Thank the gentleman.

Yield to Mr. Andrews?

Mr. ANDREWS. Thank you.

I thank the witnesses. I want to talk about a family where you have two working adults and they make \$45,000 a year. And one of the adults works for a business with 100 employees; she is one of 100 employees at her business.

The family doesn't have health insurance—they have a couple of children—because neither of the employers offer health insurance that the two adults work for. Does everyone on the panel agree it should be a goal of our national policy to get that family health insurance? Anybody disagree with that?

Okay.

Ms. Galen—Ms. Turner, excuse me, how do you think we should do that? How should we get that family covered?

Ms. TURNER. The most important thing is to make that insurance affordable for families. As I said in my testimony, the chances that one or the other of those parents, those working adults, may have health insurance offered to them in the workplace; it is considerable.

Mr. ANDREWS. Let's talk—in my state, that family would pay at least \$15,000 for a decent policy. So they have an income of \$45,000 gross. How do we get them the policy? What do you think we should do?

Ms. TURNER. I think that we need to reform the tax treatment of health insurance significantly to provide a greater incentive for people to purchase—

Mr. ANDREWS. What does that mean? You wrote an article in 2009 that talked about I guess a credit for that family of \$5,700. Do I have that right?

Ms. TURNER. That was one of the proposals at the time. I think if you were to provide a refundable—

Mr. ANDREWS. Okay. You did that. Let's go with that proposal. Let's go with that for a second.

That would cover \$5,700 of the cost, but what about the other \$10,000 or so? Where should that come from?

Ms. TURNER. I believe, first of all that health insurance will become much more affordable if people were purchasing the policies themselves, if the policy were portable, if they were able to buy a longer-term contract with that health insurance, and the family was able to make decisions about what they wanted as far as deductibles, expansion of networks, et cetera.

Mr. ANDREWS. Of course, the reality is that 95 percent of Americans live in a health insurance market today where the top two companies have at least 85 percent or 90 percent of the market share, so the kind of competition that would drive that down doesn't really exist.

How would you induce the competition among insurers to drive that cost down?

Ms. TURNER. If people were not confined to the health insurance policies in their states, they would have a broader range of coverage if they were able to purchase coverage across state lines—

Mr. ANDREWS. Of course, under the Affordable Care Act, the exchanges permit any insurer who wants to come into a state exchange and compete to do so. So doesn't the Affordable Care Act solve that problem?

Ms. TURNER. Only with the limited band of bronze, silver, gold, platinum policies. People need a much broader range of policies to find policies that are affordable to them—

Mr. ANDREWS. Go back to your \$5,700 proposal. Where would the money come from to pay for that? I also read that you have a \$5,000 debit card for low income people, whatever that means. Where would the money come from to pay for this tax credit for people?

Ms. TURNER. We currently spend—current tax subsidy for health insurance for people that get health insurance at the workplace is about 250 billion a year and it is very regressive. It goes disproportionately to people with higher incomes and with better paying jobs—

Mr. ANDREWS. So you would reallocate that.

Ms. TURNER. I would reallocate that so that more of that money would go to people—

Mr. ANDREWS.—Mr. Richardson's company deducts the health insurance costs for himself and his fellow employees, you would do away with that deduction?

Ms. TURNER. I would not change the employer deduction for health insurance. If they want to continue to offer it, it is a form of compensation for employees. The employee exclusion however could be portable—

Mr. ANDREWS. So you would keep the employer deduction, so he gets to continue to do that, but the employee exclusion would be done away with.

Ms. TURNER. Yes. Would be replaced.

Mr. ANDREWS. So if Mr. Richardson's employer still provided him with health care, you would tax him on the value of that payment that they made?

Ms. TURNER. We would readjust the tax system—

Mr. ANDREWS. You would raise his taxes, basically.

Ms. TURNER. He gets his \$5,700 tax credit rather than a deduction which this family of making \$45,000 a year would get a very small portion—

Mr. ANDREWS. Do you think this could be paid for all within the realm of the—you said \$300 billion not \$250 billion in your article—all within the realm of the \$300 billion expenditure a day? You wouldn't have to go beyond that?

Ms. TURNER. Absolutely. I don't think the people who are making \$250,000 a year, half a million dollars a year need to get the most generous tax benefits for health insurance or the exclusion.

Mr. ANDREWS. So you would raise their taxes to pay for them.

Ms. TURNER. They will do just fine for themselves. This family making \$45,000 a year needs help and they need more help than they are getting now and will get from the Affordable Care Act.

Mr. ANDREWS. It is kind of interesting that your proposal is to provide tax subsidies to people paid for by a tax on higher income people which is of course what the Affordable Care Act did.

I yield back the balance of my time.

Chairman ROE. I think the gentleman for yielding.

Dr. DesJarlais?

Mr. DESJARLAIS. Thank you, Mr. Chairman.

Ms. Turner, we will continue with you. What do you believe is the biggest burden for employers in Obamacare?

Ms. TURNER. Oh my goodness, that is a big list. Obviously, the one at the table is this employer mandate because it is so distorting. You know, really causing employers it have to redesign their workforces.

I was looking at some Labor Department numbers, Dr. DesJarlais, that showed that last year there were six full-time workers hired for every one part-time employee.

This year, there is a one full-time employee for every four part-time employees. It has absolutely flipped. Employers already are being forced to make decisions. It is hugely distorting, but I would say that they would tell us what they told us all along. The biggest issue is cost.

Mr. DESJARLAIS. What would you suggest that we as members of Congress can do to help alleviate this?

Ms. TURNER. The first thing is to not only convince the Senate to delay the employer mandate to buy us time and the individual mandate, I believe they are tied together, to buy us time to really rethink and get to a system that would provide health insurance for this family making \$45,000 a year in a way that allows them to choose the kind of policy they want, allow that policy to be portable, not have them be tied to the workplace to get that job, to get that policy.

Mr. DESJARLAIS. Your testimony addressed the recent comments made by union leaders stating that Obamacare will destroy the 40-hour work week and harm the middle class.

Can you please explain why the unions are concerned about the law and the effects of Obamacare has on their members?

Ms. TURNER. You know, the unions seem to have believed that the main benefit of the law would have been to not only provide health insurance, universal coverage, I believe that is really an important goal, but to also allow people to have health insurance that as I said, don't have it now.

But they are—they didn't focus on the issue of how this is going to affect multiple employee welfare associations where they provide health insurance for clusters of smaller companies and they are not going to get the—they have no eligibility for subsidies as others do who go to the exchanges directly.

They believe that this will make their employees less competitive than employers who are not unionized who can go to these exchanges for their coverage.

So they have seen and they have also seen the huge cost of these mandates and this coverage and they are saying, wait a minute, nobody told us about this.

Mr. DESJARLAIS. Thank you.

Mr. Holtz-Eakin, has anything changed for employees or rather employers in light of the administration's recent decision to delay the employer mandate for 1 year?

Mr. HOLTZ-EAKIN. Nothing fundamental. They face the same long run incentives that they had prior to the waiver. As I mentioned in my opening remarks, the only thing that has really happened is there is an incentive to move more quickly if you are choosing to get out of the business of providing employer-sponsored insurance and that, I think, is a real concern.

Mr. DESJARLAIS. Thank you.

Mr. Richardson, as vice president for government and shareholder relations for a multistate business, can you speak to anything in the new law that will offset cost and reduce coverage expenses for your company?

Mr. RICHARDSON. For us, as we have looked at the law, we see and predict big cost increases and that is where our anxiety has been. I think in some ways if this were a rock opera, some might think it is "Stairway to Heaven." For a lot of us in the employer community, it feels more like "Highway to Hades."

But maybe now it is time to take a sad song and make it better because we think this time is giving us a chance to fix the parts of the law that really are unworkable and are really going to make it difficult for us to continue to employ people and create jobs. So that is where we are hopeful.

Mr. DESJARLAIS. All right. From Led Zeppelin to AC/DC and we have the Beatles. Very good.

What would you say is the biggest impediment to providing low-cost health coverage for your employees?

Mr. RICHARDSON. For us, the biggest impediment is the impending law and just trying to understand what it means. As a company that fights each day for 10,000 employees, we have invested in health care since 1924. So it is a commitment we have made and make and we have allowed that to be a big focus for us because we enjoy the flexibility it provides us in terms of having that dialogue with our team members. So being the mandate part is difficult.

Mr. DESJARLAIS. Okay, thank you.

My time is about to expire.

Thank you all for your comments.

I yield back.

Chairman ROE. Thank the gentleman for yielding.

Mr. Courtney?

Mr. COURTNEY. Thank you, Mr. Chairman.

Mr. Pollack, in your litany of benefits in your written testimony regarding the Affordable Care Act, again, you listed, in my opinion, an impressive array of benefits for young Americans, 3 million who now have coverage because of the age 26 modification, which again would have been obliterated in one of the iterations of the Repeal Obamacare Act; the seniors who are getting help from the donut-hole, which again is this gaping, 100 percent deductible created in the Medicare act a number of years ago; the medical-loss ratio measure.

Again, my hometown of Vernon, Connecticut received \$170,000 refund for its health plan, for its town employees that actually helped fill a budget hole in their Board of Education account.

So again, there are many, many benefits which have already occurred since 2010, but I would like to again, go back to Ms. Turner's comment that in terms of employers, the biggest issue is obviously cost of health care.

And since 2010, I mean, isn't it a fact that we are actually seeing an historic lower rate of growth in terms of the health care system as a whole, but in particular in terms of the Medicare system?

Mr. POLLACK. Mr. Courtney, I was sitting somewhat bemused by some of the comments about, in effect, the sky is falling with respect to employment opportunities as a result of the Affordable Care Act.

The data says something very differently. If you look at the Bureau of Labor Statistics, since March 2010, when the Affordable Care Act passed, over 90 percent of the gains in employment are due to additional full-time positions, not part-time positions.

Over the past 12 months, ending June of 2013, 116,000 additional workers per month were in full-time jobs while just 16,000 additional workers per month in part-time jobs. And the average work week actually since June of 2009 has increased by 0.7 hours, it is now approximately the same as it was prior to the recession.

But what is actually interesting is we have had experiences with legislation like the Affordable Care Act in Massachusetts and in Hawaii. So let's take a look at what has happened in Massachu-

setts and Hawaii. According to the Urban Institute, in Massachusetts there has been no evidence of significant shifts toward part-time work compared to the rest of the nation.

Now in Hawaii, they don't have a 40-hour requirement or a 30-hour requirement. They have a 20-hour requirement in Hawaii which requires all employers to provide coverage for those workers with employment of 20 hours a week.

There has been only a 1.4 percent increase of employees working less than 20 hours a week and we have now seen studies from the University of California's Labor Center that workers at greatest risk of work hour reduction represents at most, 1.8 percent of the U.S. workforce. So the sky is not falling.

Mr. COURTNEY. And again, just to go back to my—just the cost growth though, I mean, is also a very encouraging trend that is out there in terms of just overall health care costs and the Medicare system in particular.

Mr. POLLACK. Yes, there is no question that what we have seen with respect to cost, Medicare is a perfect example, there has been a moderation of increase in cost.

Now I can't say to you that is due completely to the Affordable Care Act. I think that would be a clear exaggeration. Certainly, some of this has to do with what happened in the recession and some people seeking less health care.

But certainly, the Affordable Care Act has had a salutary impact with respect to it. Again, I am not saying it is the full reason, but it certainly is a part of the reason.

Mr. COURTNEY. And that is exactly what Mr. Holtz-Eakin's successor reported recently, which is that again, some of the moderation in the Medicare cost growth was ACA-related, particularly in terms of the moderation of payments to the managed care plans.

So there, you are right. You can't ascribe all of it to that, but clearly it hasn't aggravated the situation and things like hospital readmission policies, which is again, costing more efficiencies in the health care system with again, smarter reimbursement to providers of managed care services.

CBO has definitely concluded that has had a beneficial effect in terms of moderating cost growth, which is what I think everybody wants.

Mr. POLLACK. And it certainly is a wholesome thing for us to be paying more for quality of care than quantity of services and that is a direction we are taking incrementally and I think that is going to be very helpful.

Thank you.

Chairman ROE. I thank the gentleman for yielding.

Dr. Heck?

Mr. HECK. Thank you, Mr. Chairman.

Thank you all for being here today and providing your testimony.

Like Mr. Richardson, I have a friend who owns a restaurant chain where I live in Nevada; certainly nothing to the scale of White Castle, but had five outlets, was in the process of building his sixth and in the five outlets that he had, he had about 250 employees, provides some insurance, but his insurance does not meet the new essential benefit requirements.

So I was asking him, "What are you going to do? What are you going to do to meet the requirements of the law?" He said well, he could change his plan to meet the essential benefits requirements which would then increase the cost.

He could adjust the hours; you know, he has got a big concern about the 30-hour work week especially in a restaurant business where it is a second job for some, or there are college students and they like the flexibility of being able to work 18 hours this week, 32 hours the next week.

So that was going to cause him an increased cost for bookkeeping as well as all of the other costs associated with the regulatory compliances or he would pay \$420,000 a year in his penalty, and he had to decide which one would actually be more cost-effective for him because his concern was he didn't want to stop providing the insurance.

He wanted to do what was right for his employees and continue to provide his insurance that his employees had that they enjoyed; didn't necessarily meet the requirements, but that was his option.

Increase the cost by changing the policy and all of the regulatory burdens or just getting out of it and paying a \$420,000 fine.

As I mentioned, he was doing this—we had this discussion while he was building his sixth outlet and I asked him, "If you knew all this was going to happen before you broke ground on your sixth outlet, would you have added it?" He said, "Absolutely not," and that would have been another 50 to 60 people that wouldn't have had a chance for a job in my district.

Dr. Holtz-Eakin, do you see other options for employers other than this pay the penalty or change your work hours or meet the plan requirements if you offer something less than that? Are there other ways that employers are going to be able to meet the intent of the law and provide insurance to their employees?

Mr. HOLTZ-EAKIN. They have very limited options. When you run down the menu, you either pay penalties or you move the part-time people or you provide the insurance and meet the costs of hitting the essential benefits.

Mr. HECK. What impact is there on the self-insured Taft-Hartley type plans? Is it the same as it is in on somebody, an employer who is buying insurance from a broker insurance company versus those that are self-insured Taft-Hartley plans?

Mr. HOLTZ-EAKIN. They are not identical, but I am not 100 percent sure of the difference. We can get back to you on that.

Mr. HECK. Okay. If you could, please. And one thing I just want to say, there has been a lot of—I think everybody agrees we want people to have increased access to quality health care at a lower cost and I agree with Mr. Pollack.

We want to reward quality not quantity and I think some of the discussions that we have been having in other committees on reforming the sustainable growth rate formula is looking at doing just those kinds of things for Medicare, but increasing access to health insurance doesn't necessarily mean you are increasing access to health care.

I am an emergency medicine doctor by trade and I can tell you that a large portion of people we see in the emergency department are the uninsured. Certainly, because it is the only place they can

go. The only place where you can take care of somebody any time of day regardless of chief complaint, regardless of ability to pay.

So now we are going to have roughly 30 million more people if the numbers hold out through the fact that they will have insurance and they are going to call for an appointment and they are going to be told, well, we can see you in about 3 months because we don't have the infrastructure to take care of those people.

So what are they going to do? They are still going to come to the emergency department because they are not going to wait for 3 months. And as we all know, the emergency department is the most expensive place in our health care industry to try to receive care.

So I think the jury is still out and like you say, there is a lot of speculation. You know, it was mentioned, New York is going to see a 50 percent decrease in premiums, but New York has one of the most restrictive state regulatory environments for health insurance to begin with, so they probably have no place to go but down.

My state, Nevada, it is estimated that we are going to see a 30 percent increase in premiums in the individual and small group markets.

So still a lot of unanswered questions, but I appreciate you being here and presenting your viewpoints.

And I yield back the balance of my time.

Chairman ROE. Thank you, Dr. Heck.

Ms. Bonamici?

Ms. BONAMICI. Thank you very much, Mr. Chairman.

And thank you to all of the witnesses for being here.

We just heard from a colleague on the other side of the aisle that we all agree that we need to make health care more accessible and more affordable, and I think you would all agree with that premise and I certainly believe that is what the Affordable Care Act is intended to do.

I am a little concerned about the discussion about confusion out there and Mr. Pollack raised that issue. I want to point out that just yesterday I read an article in Forbes, with all due respect to my colleague from Indiana, this is about Indiana and how they announced that premiums were going to significantly increase through the exchange.

But what they did instead of doing what other states were doing and basing their projections on the silver and bronze plans which most people will buy, they used the gold and silver—excuse me, the gold and platinum as well and here is what the article said that resulted in.

“That is like saying the average cost of a car in an Indiana dealership is \$100,000 because it sells \$20,000 Fords, \$60,000 BMWs, and \$220,000 Lamborghinis. Technically true, but highly misleading.”

So I am a little concerned about how a lot of this information is out there in the public in a way that is causing people to panic and to not understand what is really going on, and the article goes on to say that it becomes difficult to understand how anyone could avoid acknowledging that the disingenuous behavior of the anti-Obamacare forces truly knows no bounds.

And, you know, with all due respect, I understand that we have some very qualified witnesses here and I appreciate that, but what we need to be doing is being out there talking with people about what really is going to happen when for example the marketplace insurance exchanges go up.

My home state of Oregon for example, the Affordable Care Act already has had a positive impact. In my district alone, one-fifth of the state of Oregon, 106,000 seniors are now eligible for free preventive care, 90,000 women can access preventive care without a co-pay, up to 45,000 children can no longer be denied coverage based on preexisting condition, for the low income and sick, the Affordable Care Act can be life-changing, even lifesaving.

Oregon is certainly leading the way with an early insurance exchange, which I am proud to say was established in a bipartisan way. I was in the state legislature when—bipartisan legislature—did enabling legislation for that exchange.

The marketplace called Cover Oregon has done a great job, is on track to be up and running on time.

Certainly, Ms. Turner, you talked about market-based solutions. That is what the insurance exchanges are. It is working the way it is supposed to. When our preliminary costs were made public, two insurers actually contacted the insurance division and asked if they could lower their rates, exactly what the marketplace is intending to do.

Mr. Pollack, you did a great job of explaining the benefits of the Affordable Care Act. So can you talk a little bit about the increased accountability for insurers and how that is affecting the affordability of health care?

I know that in the first district already more than 230,000 individuals have saved money due to the provisions that prevent insurance companies from spending more than 20 percent of their premiums on profits and administrative overhead and have received millions of dollars in rebates already.

So can you talk a little bit about that increased affordability and how that is affecting health care?

Mr. POLLACK. Sure. As one of the key accountability measures is how much of the premium dollar is now spent actually on health care as opposed to other purposes; marketing, advertising, agents' fees, administration, profits, and that makes the product a whole lot more cost-effective when you say at least \$0.80 out of the dollar and, in some instances, \$0.85 out of the dollar must be spent on actually providing care.

Certainly, there is greater accountability for insurers in terms of they cannot deny coverage to people due to preexisting conditions. They can't charge a discriminatory premium based on health status. They can't charge higher premiums based on gender. I think all those things are very wholesome matters.

I would say one thing about your earliest comments and that is there is confusion among the American public about what is in the Affordable Care—no question that is true, and that is because we have had a very contentious political dialogue so far in the country, and I think we are going to see a transformation of that in the months and weeks ahead.

And that is we are going to have a personal conversation, not a political conversation, and by a personal conversation I mean: how does it affect an individual, how does it affect his or her family, how does it affect neighbors and friends?

And I think the more we have that conversation, and that is going to increase in the weeks ahead, I think people will have a far greater appreciation of how the Affordable Care Act will benefit them.

Ms. BONAMICI. Thank you.

I see my time has expired. I yield back. Thank you, Mr. Chairman.

Chairman ROE. I thank you for yielding.

Mr. Rokita?

Mr. ROKITA. I think both chairmen.

Ms. Turner, do you think insurance exchanges are free market?

Ms. TURNER. The exchanges are when you have Washington setting the rules for what the health insurance has to be, 60 percent, 70 percent, 80 percent, 90 percent actuarial value with so many rules and regulations with consumers having a choice of only four plans that are basically cookie-cutter, no, I don't believe so.

I believe that consumers on their own would find and the market would provide many more choices.

Mr. ROKITA. Right. In fact, do you think we have those choices now or not?

Ms. TURNER. No, we don't have those choices now, and I think that is really was the challenge that we should have been addressing is what can we do—

Mr. ROKITA. Because we really don't have a free fluid market.

Ms. TURNER. That is right.

Mr. ROKITA. And why not?

Ms. TURNER. We don't have a free fluid market because consumers aren't able to be consumers. The tax treatment of health insurance so incentivizes in the past.

People get their health insurance through their workplace where they are told this is the choice that we can offer. They may or may not like it, but that is all they get.

If we had a free open market where people were able to shop for their own insurance, their health care is a different thing, shop for their own insurance, then they would be able to force the market to provide much more affordable and diverse options.

Mr. ROKITA. Thank you.

And following along on that same line of questioning to Dr. Holtz-Eakin, how much of the insurance market or even the health care market is run by the government through programs or regulations?

Mr. HOLTZ-EAKIN. All of it at some level. This is a highly regulated—

Mr. ROKITA. All of it?

Mr. HOLTZ-EAKIN. Yes. We have standards for providers, licensing. We have standards in the state insurance markets. We have enormous public payer programs in Medicare and Medicaid and now the Affordable Care Act. It is hard to describe any of this as market driven.

Mr. ROKITA. Okay. So Mr. Pollack testifies that he would rather keep going in this direction. What would that lead to?

Mr. HOLTZ-EAKIN. I am deeply concerned about the future under the Affordable Care Act.

Mr. ROKITA. How would the members of Mr. Pollack's organization fare into the future if we keep going down this road?

Mr. HOLTZ-EAKIN. Number one, in the end, it is the quality of the economic growth that determines the incomes you have to spend on everything including health care, and this is bad economic policy from the word go.

Number two, it left unreformed to a great extent programs, Medicare and Medicaid, that are intended to serve our seniors and poor but do so in quite a substandard fashion. We have not gotten rid of fee-for-service medicine. We haven't solved the problems in Medicaid. Those problems are going to remain and indeed expand if we go down this path.

We have set up on the care side an enormous incentive for consolidation and monopoly power. That is not going to lower anyone's costs. It is going to raise costs.

And, you know, on the insurance side, we have essentially turned this into a large, nationally regulated utility, and I don't think we are going to get good performance out of it.

Mr. ROKITA. Thank you very much.

Mr. Richardson, switching it up a little bit, how do you and your company handle employees who have pre-existing conditions?

Mr. RICHARDSON. They are included on the insurance so we take care of that, you know, that way.

Mr. ROKITA. Do you have any idea how much your increase in cost is? Have you ever done that kind of analysis?

Mr. RICHARDSON. I don't have a specific number on that. We can put the study to it and get back with you a specific number.

Mr. ROKITA. The point is, the private sector is handling pre-existing conditions? Yes or no? What is your opinion?

Mr. RICHARDSON. Yes, and I think what we started to do another way, and I welcome Congressman Andrews' comment on thoughts and ideas, is one of the things that helped us a lot at White Castle is a real focus on wellness.

So we started paying for preventative visits covering 100 percent of the co-pay and we have seen that have a real positive impact, just in terms of general, common-sense solutions that help our people.

Mr. ROKITA. And why did you start doing that? What was your motivation?

Mr. RICHARDSON. Costs were increasing and we were looking for ways to—first and foremost, we care about our 10,000 people, but we also recognized that it could provide us the chance to have lower health care costs.

Mr. ROKITA. And do you find that they—you probably have a wide disparity of income salaries and hourly wages across your organization. What differences do you find across those wages and salaries and incomes in terms of how people react or care for themselves or their families in terms of their health?

Mr. RICHARDSON. Well, first and foremost, our founder believed in providing freedom from anxiety and recognizing the dignity of

each team member. So if we are lucky enough and we do our job, we are able to have someone stick around and be part of our team for the long haul.

And what we know is more of what is in common that if we provide good education and good access and awareness of what the benefit is, it is going to be there for people when they need it the most.

So I don't know if I could call out specific disparities, but I know that we are in a lot of urban areas, we are in rural areas, suburban areas, but we try to focus on what is in common which is that freedom from anxiety that our plan provides.

Mr. ROKITA. Thank you.

I see my time has expired.

Chairman ROE. Thank the gentleman for yielding.

Mr. Polis?

Mr. POLIS. I thank the Chair.

First, I wanted to engage Ms. Turner. In your remarks, you mentioned, quote—"No wonder businesses are confused." It would seem to me that it is confusing for businesses that after the President administratively delayed the employer mandate, Congress is taking up legislation that authorizes the President to do what he already did.

To your knowledge, is anyone suing the President to stop him from this administrative delay?

Ms. TURNER. I am not aware of that, Congressman.

Mr. POLIS. Nor am I, so it would seem like the only confusion that is being caused is by this Congress. I think the actions of the President were clear, to delay the employer mandate to 2015 from 2014. If there is any confusion, it is because Congress is running a bill—ran a bill, and now has a hearing to do what the President already did.

I also was wondering if the gentlelady is aware of some recent polling information that 42 percent of the American public are unaware that Obamacare is in force.

Has Ms. Turner seen that, perhaps when it came out a few weeks ago?

Ms. TURNER. I have, yes.

Mr. POLIS. And, do you have any idea why nearly half the American public might be so misinformed as to believe that Obamacare is not in fact the law of the land? Any hypotheses or suggestions?

Ms. TURNER. This has been such a huge political battle because so many of us feel that this really is an affront to freedom and it is a bigger battle than just health care—

Mr. POLIS. Well, reclaiming my time, the question was not do you support or oppose the Affordable Care Act or Obamacare. The question was do you think it is in force because you know, I know Ms. Turner was concerned about the "confusion" that she cited in her comments.

It would seem to me that it is reasonable to believe that 42 percent of the American public believe Obamacare is not in force. That could very well be because in fact this body, this House, continues to vote time after time after time to repeal Obamacare.

And of course for those who aren't part of that, as engaged in the process as we are here, they might not realize that those are sim-

ply symbolic votes. So if Ms. Turner is concerned about—Ms. Turner, if you are concerned about the “confusion,” that businesses and individuals have about Obamacare, don’t you feel that this Republican strategy of repeatedly repealing all our parts of Obamacare in the House actually contributes to that very confusion that you were concerned about?

Ms. TURNER. Well, but as the chairman was saying, seven, I think Mr. Walberg was saying, seven of those nearly 40 votes have actually resulted in legislation being signed into law to amend or repeal parts of this law. So it is not futile—

Mr. POLIS. Well, reclaiming my time, again, Obamacare has not been repealed. The Affordable Care Act has not been repealed.

Ms. TURNER. Provisions have.

Mr. POLIS. Do you agree with that statement or has Obamacare been repealed?

Ms. TURNER. Provisions of it have.

Mr. POLIS. So would you say as a whole Obamacare has been repealed?

Ms. TURNER. No. I said seven—

Mr. POLIS. Has Obamacare substantially been repealed?

Ms. TURNER. Not substantially.

Mr. POLIS. Okay.

Ms. TURNER. But key elements—

Mr. POLIS. Reclaiming my time, I want to go to Mr. Richardson. Our time is limited.

I thank Ms. Turner.

Are you supportive of the President’s action in administratively delaying the employer mandate to 2015?

Mr. RICHARDSON. Congressman, if we were going to bring out a hot and tasty new sandwich but something wasn’t right and we needed to look at what to do much better—

Mr. POLIS. Reclaiming my time. I am not talking—I don’t want to know about sandwiches. I know that you serve them perhaps, but my question is are you personally supportive of the President administratively delaying the employer mandate to 2015 instead of 2014?

Mr. RICHARDSON. White Castle is grateful that we have got the chance for maybe some common sense dialogue about how we can address other issues like 40 hours per week, a better definition of full time—

Mr. POLIS. Well, again, are you supportive—yes or no—of the President’s actions to delay the employer mandate or do you only talk about—

Mr. RICHARDSON. We were relieved when we heard the news that the employer mandate was going to be delayed in hopes that it gives us the chance to address—

Mr. POLIS. Reclaiming my time. Reclaiming my time. You were relieved. And are you personally or is your company confused at all about whether the employer mandate is enforced in the year 2014?

Mr. RICHARDSON. I think a lot of times people like to think of this as tic-tac-toe. This is a 64-box Rubik’s cube and everything we do has—

Mr. POLIS. Reclaiming my time. The employer mandate is not in effect in 2014 due to administrative action as Ms. Turner also men-

tioned, as far as we know the President has not been sued to stop, that it is not enforced, there is no 64-box Rubik's cube. There is no employer mandate in 2014 thanks to the President's actions, which you are relieved he took—

Mr. RICHARDSON. We are relieved, but we know it is coming soon.

Mr. POLIS. Again, to be clear, are you confused about whether the employer mandate goes into effect in 2014 and if so, why?

Mr. RICHARDSON. Our confusion is more around how we are going to be able to comply with the laws. We continue to wait for guidance and regulations.

You know, as a good corporate citizen, we are going to comply with the law, but what is confusing to us is trying to understand where do we go from here.

Mr. POLIS. But are you clear on the fact that the employer mandate does not impact your business in 2014 thanks to President Obama's administrative action?

Mr. RICHARDSON. We are thankful that appears to be the case. Chairman ROE. I thank the gentleman for yielding.

Mr. Salmon?

Mr. SALMON. Thank you.

Mr. Richardson, the way I see it for employers they have four choices. You can add to or take away if you so desire.

Number one would be maintain coverage and absorb the cost increases. Two, maintain coverage and pass on the costs to workers and consumers. Three, decrease employee work hours to avoid full-time requirements; or four, drop coverage altogether and pay a penalty.

Do you see any other alternatives?

Mr. RICHARDSON. No, Congressman, I think the difficulty for us is in restaurants, we are focused on hospitality and that is a very people intense and big investment that we are making in our people and our profit per employee as an industry is a \$750 compared to a typical industry where that is about \$10,000. So it hits us harder.

Mr. SALMON. I met with folks from the American Restaurant Association. I don't know if you guys remember, but I talked to several of the convenience store CEOs—not convenient stores but fast food CEOs and they said that most of their employees truly believed with the passage of Obamacare that they were going to get free health care.

They then said that when they learned that they were going to have to pay something on their premiums even as low as \$100, most of them would opt to not take it. And then to add insult to injury, once they decide to not take it, they will be facing a tax. Do you see that as a slippery slope for some of your employees as well? Do a lot of them believe that President Obama was giving them free health care?

Mr. RICHARDSON. The bigger challenge for us will be with team members who have insurance now—we have offered it since 1924—is waiting to see what we are able to provide, and our biggest concern is it won't be able to be as rich a benefit of what we are providing now and we won't have the opportunity to allow that to be available to as many people.

Mr. SALMON. I am going to ask for your speculation. I am going to ask Ms. Turner as well. Do you believe that the President took this executive action to postpone the employer mandate because he wants to make sure that it is easier on employers or do you think he did it out of political concerns?

Ms. TURNER. It is very difficult to assess anybody else's motivations, but if they believe that this was going to change employers' behavior in hiring full-time workers for 1 year, I think that was really misguided.

The fact that so few of the other agencies within the government understood or were even consulted; CMS, OMB, or treasury about this decision suggests that it was made in the White House.

Mr. SALMON. Well, let me ask this question then. It has been over 3 years since the bill was passed and signed into law. Is it reasonable to assume that one more year will allow for the government, businesses, individuals, and insurers to understand the law much less comply with it?

Ms. TURNER. I think it is going to add to their confusion and I think that the confusion also is the reporting requirements have been delayed but some employers are very concerned whether or not that means that whether or not they are still required to actually comply with the mandate.

Perhaps an employee would sue them saying they have been harmed even though they weren't making the reporting requirements they weren't providing the health insurance that was still on the books as they mandate it. So that is a very different situation.

I don't think it is going to change their behavior. The June jobs report showed that the number of part-time employees that was hired were 360,000 that month and that 240 full-time jobs were lost. So employers are now making decisions about how to restructure the workforce. They are not going to change that after a year.

Mr. SALMON. And I think the next question I was going to ask has already been answered. Isn't it reasonable to assume that one more year will ensure it will be a workable system? I think you are saying you don't believe it will.

Do you believe it can, Mr. Richardson?

Mr. RICHARDSON. Yes.

Mr. SALMON. Do you agree with her?

Mr. RICHARDSON. Yes.

Mr. SALMON. That a year really doesn't do much to change this?

Mr. RICHARDSON. No. The train is coming around the bend. It gives us more opportunity for common sense dialogue about what we can do to really address the core issues that are going to raise employer costs and make it harder to create jobs and bring prosperity to people who are aching for it.

Mr. SALMON. And I am about to run out of time, but I would like to say that even though one member of this panel says that Obamacare is going swimmingly and that it is actually increasing the number of full-time jobs in our economy, recently my community college district announced that they were going to take 1300 employees and change them from full-time status to part-time status because they can't envision having to come into compliance with the costs and the trouble associated with Obamacare.

And lastly, I might point out that in the recent letter from the Teamsters where they said that the 40-hour work week as we know it will be dead and gone—there are a lot of folks out there—I don't know that you would call it the sky is falling, but they are recognizing this thing for what it is.

It is a job killer and a year doesn't buy us anything other than postponing the killing of those jobs—

Chairman ROE. The gentleman's time is expired.

Mr. SALMON. It is killing me with a thousand cuts.

Chairman ROE. Thank the gentleman for yielding.

Ranking Member Miller?

Mr. MILLER. Thank you very much.

I want to thank the panel.

One of the hallmarks for the critics of the administration—I know this has always been—that there is a great deal of uncertainty and we passed through sort of a great period of uncertainty 2 years ago.

It looks to me like much of the uncertainty now much of which is real in the economy is also certainly around this bill is manufactured for the sake of uncertainty so that people question it.

I think we see a difference in Ms. Bonamici's state and in my state where people rolled up their sleeves and said how do we make this work across our state, across our economy, and there seems to be much less uncertainty when I talked to my employment community from the largest like Chevron to small businesses across the cities and towns that I represent.

And interestingly enough, most of them say that if they have the business, this is of minor concern, but their concern is about economic growth and the economy and it is interesting also that you sort of see more and more economists from the right and from the left, however you want to characterize economists, suggesting that the big enemy at this particular point in terms of certainty is a question of the continued sequestration that is dampening growth across the country and then the question of the debt limit; will the Congress of the United States, the United States as a country meet its obligations and honor its debt.

But when I talked to small business people, as they say, I have got the book of business, this health care law is neither here nor there. If I don't have a book of business, I have got problems and I have got health care problems.

Today, one of your—I don't know, the rival, but in your business—Sonic was asked this very pointed question; are you changing your work hours, are you changing your workforce because of health care? And he said we are growing.

We have a great rollout of a new product. No. We are adding stores, adding people because we are growing. Then they compared them to McDonald's apparently which has had a little bit of dip here or something.

And that is what I hear on the street. Now some of it is anecdotal, some of this they don't know, but it really isn't this. It is about whether or not this economy can develop a wage base so that people have money to spend on Main Street.

That is what I hear from small businesses. And so I think politically in this town we are going to agitate this health care bill until

we have got people absolutely confused. And yes, we can chew up that year, Mr. Richardson, you keep saying we can figure out how to do this but I don't know that there is goodwill here because this is all—this hearing is manufactured.

We already know what the President did. We could have a hearing on how do we handle this; what changes are necessary. But that is not happening. I think as Mr. Pollack has pointed out, we have been going through this now for months and months and months and I just go back to the real question—the real question is whether or not, you know, we had people like FedEx tell us the greatest drop in business in the history of the company was when Congress was playing with the debt limit in July; worldwide, the business just stopped.

I had small business people who had international book of business tell me exactly the same thing. Orders stopped. Because for the first time in history it was suggested that maybe we weren't going to honor our debt. This would really teach the federal government a lesson.

No, it would teach the business community a lesson. And so I just—Mr. Eakin's and Mr. Pollack, I would just like to know where you sort of see this question of growth being determined here.

Obviously, if you have a declining book of business or you have a stagnant book of business, this gets magnified rather dramatically as opposed to if you have a book that seems to be growing. And everybody says, well, we are growing. We are growing, you know, anemically, but we are growing. The third and fourth quarter will be better somehow.

Mr. POLLACK. You know, Mr. Miller, many of us I think often say that really growth in the economy comes from small businesses and small businesses actually come out very well with respect to the Affordable Care Act.

Take the smallest businesses, those with fewer than 25 workers, they are now eligible for tax credit, premium subsidies, not everyone to be sure, but those tax credit premium subsidies now go up to 35 percent of the cost of providing health care for their workers. Come January 1, it will be 50 percent.

So with respect to growth of the economy and more jobs, I think you have to look at small businesses that are not affected by the employer mandate and who are now eligible for tax credit premium subsidies.

Mr. MILLER. Mr. Holtz-Eakin, I don't know how much time you have before that turns red, but—

Mr. HOLTZ-EAKIN. I am sorry?

Mr. MILLER. If you wanted to comment on the question.

Mr. HOLTZ-EAKIN. No, I think that small business tax credits are a red herring, it is temporary at best. It doesn't change the fundamental characteristics of the law—

Mr. MILLER. I am asking about the question of growth—

Mr. HOLTZ-EAKIN. I think growth is the top priority for this country right now and if you look at the Affordable Care Act from the perspective of growth policy, it is not good policy.

You don't levy \$1 trillion in taxes, impose a big regulatory burden, and create a large new entitlement program when we have

many that are already broken and bleeding red ink. That is not a path for growth.

Chairman ROE. Thank the gentleman for yielding.

Mr. Messer?

Mr. MESSER. Thank you, Mr. Chairman. I appreciate the opportunity to speak about this important topic today.

I certainly thank the panelists as well.

I have to tell you, I am from Indiana's Sixth Congressional District. It is a rural district, 19 counties in east, central, and southeastern Indiana. It certainly has its high number of White Castles and we have had public forums in my district in both Dearborn County and Hancock County and the number one concern raised by small business owners in our district is they look at the challenges they face in the next several years is the implementation of this act. They see it as the highest cost in front of them. They see it as the greatest amount of uncertainty, and they are doing their best to respond.

In my opinion, and I want to direct this question to Mr. Holtz-Eakin, it is my opinion that they, the congressional budget office dramatically underestimates the amount of employers that will be forced to drop or reduce employees to part-time status due to Obamacare.

As a former CBO director, what do you think will be the impact on the federal budget if more employers drop coverage or reduce hours of than the CBO has originally estimated?

Mr. HOLTZ-EAKIN. We certainly know that if employers drop coverage, individuals go to the exchanges. These are very rich subsidies in the exchanges. That is a big burden on the taxpayer.

I have done the arithmetic as I mentioned. This is in the financial interests of both the firm's and the employees for employees getting compensation after about 300 percent of the poverty line.

The CBO relies heavily on the notion that high wage workers benefit from a different federal subsidy which is the tax exclusion and that they will want to hold onto the federal subsidy and that nondiscrimination rules will at best require those firms to offer every employee the insurance.

I am less sanguine about that thin firewall holding and I am afraid the taxpayer is about to pick up a big bill.

Mr. MESSER. Yes. And I have to tell you, listening to the folks in my district, from the school systems in my district, to the small business employers in my district, I am convinced whether the consequences are intended or not that placing the Obamacare requirement on employees that have 30 hours or more has become the biggest attack on the 40-hour work week in decades.

Employers are responding. I know that anecdotally. Mr. Richardson, if you could expand just a little bit about—has that been a consideration within your business?

Mr. RICHARDSON. It has been a huge consideration for us, and I think what we are seeing is I know a lot of times people talk about bifurcation of income. We are going to see bifurcation of scheduling. As we look ahead to implementation, we are looking at a \$9 million increase in our health care costs if we don't make adjustments.

So we have consciously said and we want to be transparent with our team members so they can know what to expect. If you are full-

time, you are going to stay full-time, but if you are part-time, we are going to be scheduling part-time at 25 hours a week or less. That is not what we would do under normal circumstances. That is not what we have done for 92 years.

Mr. MESSER. It is not good for your business, and it is not good for your employees either, right? Both suffered.

Ms. Turner, if you could expand just a little bit—you alluded in earlier questioning to the fact that you are seeing, in the economy, the rise of part-time jobs by I believe in response to the Affordable Care Act. If you could comment on that.

Ms. TURNER. Yes, Mr. Chair—Congressman, because there is a look back period. So those businesses have to start restructuring their businesses now when they believe the employer mandate was going into effect in 2014.

And I think that the thing that we have to pay attention to is how this is affecting the most vulnerable people in society; people who are trying to get their foot on the ladder of economic opportunity, people who are barely getting by on a 40-hour week, often minimum wage.

They are having their hours cut to 30, 25, some of them losing their jobs entirely. People, we find, learn today a new survey that a third of doctors are seriously considering leaving the practice of medicine. Even those who have health insurance are going to have a hard time getting to see a doctor to see them.

So there are a so many distorting factors throughout the economy and now we have a delay of the employer mandate but not the individual mandate.

So even though the businesses, big businesses are not required to provide health insurance, individuals still have to provide that. So I think that when we look at who we are trying to help, this is hurting them the most. We still have 30 million uninsured even if everything goes right.

Mr. MESSER. Yes. Ms. Turner said it better than I would have said it myself, so I yield back the balance of my time.

Thank you.

Chairman ROE. Thank the gentleman for yielding.

I think Mr. Hudson is next.

Mr. HUDSON. Thank you, Mr. Chairman.

I think the witnesses for being here today. I know you have busy schedules.

You know, I talked to business people back home. I go home every weekend, every chance I get and I travel to my district. I talk to business people who are struggling with, you know, projecting costs for their business.

Mr. Richardson, you talked about in your testimony some of the effects of the auto enrollment provision. As you may be aware, I have introduced a bill to repeal this requirement, H.R. 1254. Could you just outline some of the problems that your company would face with auto enrollment and can you quantify the impact this provision will have on your business?

Mr. RICHARDSON. We support repeal of the auto enrollment because it hurts our team members and the way we look at it is 43 percent of White Castle team members are under the age of 26, so with auto enrollment, on that 91st day, they are automatically en-

rolled in the plan and their check get smaller and it just creates an unnecessary burden. It is redundant, and to us it is one of those areas where this new window of time before implementation hopefully gives us a chance to address that so employers can do what they do best, create more jobs.

Mr. HUDSON. Absolutely. Could you tell us sort of how you are projecting what your costs are going to be with auto enrollment and what that impact specifically will be?

Mr. RICHARDSON. A lot of the costs is in how to design the right ISIT systems to be able to monitor and track, but beyond that, we know that there is going to be this back-and-forth type of thing happening.

So in terms of quantifying, I don't have an exact number for you other than we can look at the people costs, the labor costs, and the time costs and our number one focus is having engaged team members.

If you are in the hospitality business, you want people to be happy being able to focus on guests. We don't think we will have as good an opportunity to do that if we were trying to explain to them, well, let us work this out and, you know, follow your wishes.

So it really gets between us and our team members and builds a wall that we think need not be there.

Mr. HUDSON. I appreciate that. I hear that from a lot of employers. The first time an employee is going to see money missing from their check, they are going to then come to the employer and say why did you do this to me. So I understand that. I appreciate it.

What other problems do you see with the implementation of this requirement affecting companies?

Mr. RICHARDSON. I think some of the bigger challenges are going to be, you know, we are a medium-size restaurant chain, but if you start to look at the range and different sizes of restaurants and how that is going to impact them and once you get to that threshold where auto enrollment is forced upon you, some chains might have a global footprint and it may come easier for them, but it really disproportionately, like many parts of the law, falls harder on those of us who employ more people as ambassadors.

So it is really attacks the fee on our ability to keep our people happy and to deliver our service model.

Mr. HUDSON. I appreciate that.

And, Mr. Chairman, I yield back.

Chairman ROE. Thank the gentleman for yielding.

Dr. Price?

Mr. PRICE. Thank you, Mr. Chairman, and I apologize for coming late but I have reviewed the testimony.

I appreciate everybody's comments.

I want to focus on a couple of things. One, I heard that some friends on the other side of the aisle said there weren't any alternatives and I just want to point out that there are significant alternatives.

H.R. 2300 is one that is now in its third Congress and it incorporates what we call patient-centered health care, which is patients and families and doctors making medical decisions, not Washington, D.C. or insurance companies. So we do have wonderful alternatives, and I would urge my colleagues to read them.

I want to ask a couple specific question. Dr. Holtz-Eakin, the regulatory burden that exists in the employer mandate is significant. Now, for big businesses, it is significant, but they have got stacks of folks that do this stuff all the time.

And so although it is a burden and I think it cuts into jobs that they can create, but I want to focus in on the small businesses. If you are the mom and pop grocery store down the corner and you have got four or five employees or you are in the franchise business and you have got multiple restaurants and you have got employees that will come under this burden, what happens to small businesses? Where do they have to get that money? Does it affect their business? Does it affect jobs?

Mr. HOLTZ-EAKIN. All the testimony from every small businessman who has talked about complying with the regulatory burden says that it is a big burden.

This burden comes in the form of time and that is time away from focus on the business, which is the core mission of management, or its money. You have to hire outside expertise. It is often quite expensive. That money cannot be plowed back into the business. It can't be used to hire new workers or expand payrolls.

And most small businesses are very cash flow dependent. So this is going to hit them at a time when they are struggling for cash flow because is a weak economy.

We have seen it in the official reports as well. The CBO reported that these were unfunded mandates of significant size and the employer community. We have seen it in the administration's own rulemaking where they have to identify economically significant rules and—is littered with them.

So I don't think that there is any question about the cost side of this equation.

Mr. PRICE. And the cost side to businesses, we sometimes get hung up on that and don't finish that paragraph. What that results in, does it not, is actually fewer jobs being available in those small businesses?

Mr. HOLTZ-EAKIN. Yes. I mean, prior to your arrival, you can think of the Affordable Act from many dimensions, but if you look at it from the dimension of economic growth policy, it is bad economic growth policy.

Mr. PRICE. Hurts businesses, hurts jobs—

Mr. HOLTZ-EAKIN. Yes.

Mr. PRICE.—hurts the economy.

Ms. Turner, I appreciate all of the work that you do in health care. You have been a real champion for what I have mentioned as patient-centered health care.

I am curious as to the comments that you made about the employer mandate and what we are mandating and are we not with this in the individual mandate just ceding the definition of health care—health coverage to Washington?

Ms. TURNER. Absolutely.

Mr. PRICE. Why is that a problem?

Ms. TURNER. Your legislation, which I think is really such an important model for people to look for when people say the conservatives don't have free market solutions, we absolutely do. And I

thank you for your tremendous work on H.R. 2300 over several congresses.

What we see in the marketplace is a growing movement toward policies that make sense for businesses and employees.

The number of health savings accounts has grown to 15 million in less than 10 years. Businesses are looking to find health insurance that is affordable that gives employees protection if they have major health costs as well as providing an option so that they can have preventive care to make sure that the policy also covers routine doctors' visits for preventative measures.

That is the direction people were going because that is more affordable. But the health law says no, Washington knows best.

We are going to tell you what you have to and it is going to go through the roof and we are going to have even more economic and health policy dislocations.

Mr. PRICE. Violating all of those principles, access and cost-effectiveness.

Dr. Holtz-Eakin, I want to visit very quickly the issue that kind of flew under the radar screen with this announcement 2 weeks ago on the employer mandate delay and that is that the individual attestation saying that they are eligible—individuals are eligible for a subsidy. What is that going to do to the cost? Do you have any estimates on that you have looked at?

Mr. HOLTZ-EAKIN. I don't have a numerical estimate, but I know which direction it goes. More people will be eligible for bigger subsidies than would be otherwise and what is already likely to be an expensive program.

Mr. PRICE. Why is that?

Mr. HOLTZ-EAKIN. You don't have the ability to do the verification, and I would be surprised if people attest to be poorer and less qualified than they really are.

Mr. PRICE. And if they attest for something that actually isn't true in retroactively, retrospectively, does the IRS not have the authority to come in and then tax them for what they claimed?

Mr. HOLTZ-EAKIN. There are limitations on reclaiming excess payments already in law, and I would say that the administration has already announced that it won't enforce the individual mandates in states that don't do the Medicaid expansion. It has deferred enforcement of the employer mandate. We will see what happens with enforcement of recapture provisions.

Mr. PRICE. Thank you, Mr. Chairman.

Thank you.

Chairman ROE. I thank the gentleman for yielding.

I will now yield myself 5 minutes.

To start out with, I agree that one of the things that we should do and it is a laudable is to expand coverage to people to as many people in our country as we can, and we spent twice per capita what any other country does.

There is so much waste and we could not have made a health care bill more complicated than this with 22,000 pages, and all the money that goes into the infrastructure of this bill doesn't go to patient care. It doesn't go to actually me as a doctor, actually seeing a patient and performing a procedure or evaluating their problem.

Let me just explain to you what happened in Tennessee and this is absolutely going to happen here. When Tennessee we started a health care reform in 1993 called TENNCare.

The plan we offered as Dr. Holtz-Eakin said, these subsidies, and I will talk about that in a second, was richer than I could afford to provide myself and provide my employees.

So what happened? Fifty percent of the people who got health insurance through TENNCare had private health insurance and dropped it. What has happened on the under 26? Sixty percent of those young people, they just basically switched to their parents plan and when they hit 27, they are going to have a plan that is two or three times more expensive than it would have otherwise been, and that is a fact.

The original sin didn't occur in Genesis. The original sin occurred when we had a different tax treatment for individuals and companies as far as health insurance was concerned, so that it has created an imbalance, and this imbalance in cost and what it costs as an individual and what it costs with the tax subsidy you get when you work for a company.

I held a hearing in Concorde, North Carolina where—Mr. Hudson's district—just about 2 months ago. We went through business after business. A community college was going to cut the number of hours that a community college could teach; a faculty member, about half, 40 percent or so of their faculty were adjunct.

I talked to my own community colleges in my district. Exactly the same thing. I have talked to supermarkets. I have talked to restaurant chains.

Mr. Richardson, you brought up something I think that was very important. I have never heard of because it wasn't a business I was used to, but how much money you made per employee. And I think you talked about \$750, and I talked to other companies where they make \$1200 per employee in that particular business.

If you have a cost that goes above that, you have nothing; you are either going to have to raise your prices high enough that people can't afford it—and let me just read in this industry—this is from Sonny's Barbecue, which is very good in North Carolina, I might add.

Research shows that since the recession, 70 percent of people have changed their eating habits out by reducing or even eliminating dining out according to the National Restaurant Association. Increasing menu prices should be the last resort. That is the last thing you can do because people just quit coming, and if that happens, you lose jobs.

Other things that frustrate me with this bill is that in the self-insured market, we haven't even talked about that, how that is an effect on jobs. Mr. Horn, who is a textile manufacturer in North Carolina provided 80 percent. He provided 20 percent in his employees, he covered everything preventative, and put a wellness program in, and what did he get for this?

He got a \$63 per employee fee which costs him tens of thousands of dollars. My local community, my local city that I was mayor of is going to get \$177,000 bill and probably will get an exchange fee on top of that to indemnify insurance companies.

So this thing was made terribly complex, and I have no earthly idea why this was ever politicized. Why health care was a Democrat or Republican issue. We should have worked on it together instead of in a partisan way to help solve these problems.

I came here to do that. I specifically got elected to this Congress to help do that and was shut out of the debate. It was very frustrating for me in my job. And I want to talk to you all a little bit about—Mr. Pollack, I want to ask you one question.

Do you think premium support is a good idea for seniors in Medicare?

Do you think premium support is a good idea in the Medicare plan for seniors?

Would it be a good idea for that plan?

Mr. POLLACK. The Medicare program works very well today—

Chairman ROE. No, I am just asking you—switching to that plan—

Mr. POLLACK.—and so I would not want to play with a formula that is working very well.

Chairman ROE.—so it is not working—

Mr. POLLACK. One of the things that—

Chairman ROE. I am a senior. Let me just go ahead and reclaim my time.

So it is a bad idea when I turn 65, but it is a good idea if you are under 65 if you get one of the—you wholeheartedly support that for people now who are low income, correct? In the Affordable Care Act? But all of a sudden, I turn 65 and it is a bad idea.

Mr. POLLACK. I didn't say it was a bad idea.

Chairman ROE. You just didn't support it.

Mr. POLLACK. I did not say it was a bad idea. I did say that the Medicare program is functioning very well. My colleague, Mr. Holtz-Eakin was lamenting—

Chairman ROE. My time is expired. I am sorry, but I am going to hold myself to my 5 minutes.

Mr. POLLACK. All right.

Chairman ROE. I appreciate very much the witnesses taking their time today and you really have been a terrific panel.

I appreciate all of the folks that showed up.

And Mr. Andrews is not here, so I will ask Mr. Courtney if he has any closing statements he would like to make.

Mr. COURTNEY. Thank you, Mr. Chairman. Mr. Andrews would be very disappointed in me if I didn't speak up and defend our 5 minutes here.

Thank you again for your courteous conduct of the hearing and the witnesses for being here today.

There are a couple bits of housekeeping I would like to point out. Dr. Price is absolutely correct. He has introduced H.R. 2300. It has been referred to this committee and no action has been taken.

I wish we had spent the time this morning having a hearing on your bill rather than a bill that has already been voted on in the House last week. And again, the point that a number of people were making here is that again, we have had repeated votes in the House rushed to the Floor without committee process, normal committee process, repealing, abolishing, modifying, whatever, and H.R. 2300 which again, I respect the gentleman for making a good

faith offer to try and reform the system, but how come we don't have that hearing? Instead having a hearing on a bill that has already gone through the process.

Again, we did not hear one shred of evidence this morning that the IRS's actions taken under well-established law, U.S. Code 7805 to delay implementation of a program which they have done on a repeated basis, again, fully documented by the Congressional Research Service was somehow improper or inappropriate.

I mean, the fact is they used again authority which they have done a number of times. There have been no lawsuits. There have been no gotchas in any of those instances, and I would challenge any of the witnesses on a later date to present evidence in terms of the IRS decisions in the past that have resulted in that outcome.

The fact is that this issue is off the decks for a full year. We can focus on what really matters, which is getting these exchanges up and running. In my state, we have four insurers that have filed in the individual market, four insurers that have filed in the small business market; they are going through the rate review process.

And again, all indications are they are going to come in well below what the Congressional Budget Office projected back in 2010.

And again, I come from being a small employer. I understand the impact it has and this is, in my opinion, going to be a good day for small employers when they have a structured, intelligible marketplace with a benefit plan that they can compare and shop around as opposed to the Wild West, which exists in the small group market today.

Again, there are a couple of—you know, we have heard so many facts and figures about full-time and part-time. Again, from the Bureau of Labor Statistics, I would just ask, Mr. Chairman, to enter into the record a chart which shows that from June of 2012, a year ago, to June—excuse me—yes, June of 2013, the U.S. economy has added 1,392,000 full-time jobs.

In exactly the same period of time, according to the Bureau, the U.S. economy has added 195,000 part-time jobs. So the notion that somehow there are these incentives that we have heard ad nauseum about here today is in fact, you know, rebalancing away from full-time jobs.

The numbers don't lie. That is from the Bureau of Labor Statistics, and again, I would ask that it be made part of the record.

[The information follows:]



NEWS RELEASE



Transmission of material in this release is embargoed until
8:30 a.m. (EDT) Friday, July 5, 2013

USDL-13-1284

Technical information:

Household data: (202) 691-6378 • cpsinfo@bls.gov • www.bls.gov/cps

Establishment data: (202) 691-6555 • cesinfo@bls.gov • www.bls.gov/ces

Media contact: (202) 691-5902 • PressOffice@bls.gov

THE EMPLOYMENT SITUATION — JUNE 2013

Total **nonfarm payroll employment** increased by 195,000 in June, and the **unemployment rate** was unchanged at 7.6 percent, the U.S. Bureau of Labor Statistics reported today. Employment rose in leisure and hospitality, professional and business services, retail trade, health care, and financial activities.

Chart 1. Unemployment rate, seasonally adjusted,
June 2011 – June 2013

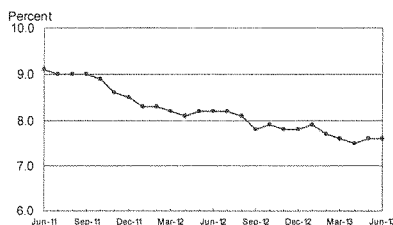
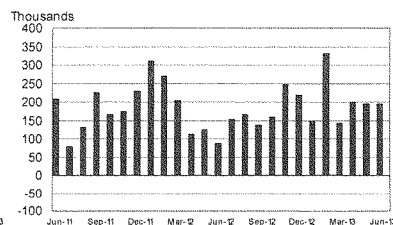


Chart 2. Nonfarm payroll employment over-the-month
change, seasonally adjusted, June 2011 – June 2013



Household Survey Data

The number of **unemployed persons**, at 11.8 million, and the **unemployment rate**, at 7.6 percent, were unchanged in June. Both measures have shown little change since February. (See table A-1.)

Among the **major worker groups**, the unemployment rate for adult women (6.8 percent) edged up in June, while the rates for adult men (7.0 percent), teenagers (24.0 percent), whites (6.6 percent), blacks (13.7 percent), and Hispanics (9.1 percent) showed little or no change. The jobless rate for Asians was 5.0 percent (not seasonally adjusted), down from 6.3 percent a year earlier. (See tables A-1, A-2, and A-3.)

In June, the number of **long-term unemployed** (those jobless for 27 weeks or more) was essentially unchanged at 4.3 million. These individuals accounted for 36.7 percent of the unemployed. Over the past 12 months, the number of long-term unemployed has declined by 1.0 million. (See table A-12.)

The **civilian labor force participation rate**, at 63.5 percent, and the **employment-population ratio**, at 58.7 percent, changed little in June. Over the year, the labor force participation rate is down by 0.3 percentage point. (See table A-1.)

The number of persons employed **part time for economic reasons** (sometimes referred to as involuntary part-time workers) increased by 322,000 to 8.2 million in June. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job. (See table A-8.)

In June, 2.6 million persons were **marginally attached to the labor force**, essentially unchanged from a year earlier. (The data are not seasonally adjusted.) These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey. (See table A-16.)

Among the marginally attached, there were 1.0 million **discouraged workers** in June, an increase of 206,000 from a year earlier. (The data are not seasonally adjusted.) Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.6 million persons marginally attached to the labor force in June had not searched for work for reasons such as school attendance or family responsibilities. (See table A-16.)

Establishment Survey Data

Total **nonfarm payroll employment** increased by 195,000 in June, in line with the average monthly gain of 182,000 over the prior 12 months. In June, job growth occurred in leisure and hospitality, professional and business services, retail trade, health care, and financial activities. (See table B-1.)

Leisure and hospitality added 75,000 jobs in June. Monthly job growth in this industry has averaged 55,000 thus far in 2013, almost twice the average gain of 30,000 per month in 2012. Within leisure and hospitality, employment in food services and drinking places continued to expand, increasing by 52,000 in June. Employment in the amusements, gambling, and recreation industry also continued to trend up in June (+19,000).

Employment in **professional and business services** rose by 53,000 in June. Job gains occurred in management and technical consulting services (+8,000) and in computer systems design and related services (+7,000). Employment continued to trend up in temporary help services (+10,000). Over the past year, professional and business services has added 624,000 jobs.

Retail trade employment increased by 37,000 in June. Within retail trade, employment increased by 9,000 in building material and garden supply stores and by 8,000 in motor vehicle and parts dealers. Employment in **wholesale trade** continued to trend up (+11,000).

Health care continued to add jobs in June, with a gain of 20,000. Within the industry, employment continued to trend up in ambulatory health care services (+13,000). A gain of 5,000 jobs in hospitals followed a loss of 8,000 jobs in May.

Employment in **financial activities** rose by 17,000 in June, with most of the increase occurring in credit intermediation (+6,000) and in insurance carriers and related activities (+6,000).

Federal government employment continued to trend down in June (-5,000) and has declined by 65,000 over the past 12 months.

Employment in most other major industries, including **mining and logging, construction, manufacturing, and transportation and warehousing**, showed little change in June.

The **average workweek for all employees** on private nonfarm payrolls was unchanged in June at 34.5 hours. In manufacturing, the workweek increased by 0.1 hour to 40.9 hours, and overtime was unchanged at 3.3 hours. The average workweek for **production and nonsupervisory employees** on private nonfarm payrolls was unchanged at 33.7 hours. (See tables B-2 and B-7.)

In June, **average hourly earnings for all employees** on private nonfarm payrolls rose by 10 cents to \$24.01. Over the year, average hourly earnings have risen by 51 cents, or 2.2 percent. In June, average hourly earnings of private-sector **production and nonsupervisory employees** increased by 5 cents to \$20.14. (See tables B-3 and B-8.)

The change in total nonfarm payroll employment for April was revised from +149,000 to +199,000, and the change for May was revised from +175,000 to +195,000. With these revisions, employment gains in April and May combined were 70,000 higher than previously reported.

The Employment Situation for July is scheduled to be released on Friday, August 2, 2013, at 8:30 a.m. (EDT).

HOUSEHOLD DATA
Summary table A. Household data, seasonally adjusted
 (Numbers in thousands)

Category	June 2012	Apr. 2013	May 2013	June 2013	Change from: May 2013- June 2013
Employment status					
Civilian noninstitutional population.....	243,155	245,175	245,363	245,552	189
Civilian labor force.....	155,149	155,238	155,658	155,835	177
Participation rate.....	63.8	63.3	63.4	63.5	0.1
Employed.....	142,448	143,579	143,898	144,058	160
Employment-population ratio.....	58.6	58.6	58.6	58.7	0.1
Unemployed.....	12,701	11,659	11,760	11,777	17
Unemployment rate.....	8.2	7.5	7.6	7.6	0.0
Not in labor force.....	88,006	89,936	89,705	89,717	12
Unemployment rates					
Total, 16 years and over.....	8.2	7.5	7.6	7.6	0.0
Adult men (20 years and over).....	7.7	7.1	7.2	7.0	-0.2
Adult women (20 years and over).....	7.4	6.7	6.5	6.8	0.3
Teenagers (16 to 19 years).....	23.7	24.1	24.5	24.0	-0.5
White.....	7.3	6.7	6.7	6.6	-0.1
Black or African American.....	14.4	13.2	13.5	13.7	0.2
Asian (not seasonally adjusted).....	6.3	5.1	4.3	5.0	-
Hispanic or Latino ethnicity.....	11.0	9.0	9.1	9.1	0.0
Total, 25 years and over.....	6.9	6.1	6.1	6.2	0.1
Less than a high school diploma.....	12.5	11.6	11.1	10.7	-0.4
High school graduates, no college.....	8.5	7.4	7.4	7.6	0.2
Some college or associate degree.....	7.3	6.4	6.5	6.4	-0.1
Bachelor's degree and higher.....	4.1	3.9	3.8	3.9	0.1
Reason for unemployment					
Job losers and persons who completed temporary jobs.....	7,121	6,410	6,147	6,119	-28
Job leavers.....	936	864	944	1,030	86
Reentrants.....	3,243	3,151	3,333	3,291	-42
New entrants.....	1,316	1,280	1,268	1,259	-9
Duration of unemployment					
Less than 5 weeks.....	2,825	2,474	2,706	2,692	-14
5 to 14 weeks.....	2,826	2,848	2,689	2,864	195
15 to 26 weeks.....	1,813	1,967	1,950	1,896	-54
27 weeks and over.....	5,336	4,353	4,357	4,328	-29
Employed persons at work part time					
Part time for economic reasons.....	8,210	7,916	7,904	8,226	322
Slack work or business conditions.....	5,471	5,129	4,841	5,193	352
Could only find part-time work.....	2,514	2,527	2,721	2,652	-69
Part time for noneconomic reasons.....	18,825	18,908	18,934	19,044	110
Persons not in the labor force (not seasonally adjusted)					
Marginally attached to the labor force.....	2,483	2,347	2,164	2,582	-
Discouraged workers.....	821	835	780	1,027	-

- Over-the-month changes are not displayed for not seasonally adjusted data.

NOTE: Persons whose ethnicity is identified as Hispanic or Latino may be of any race. Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

ESTABLISHMENT DATA
Summary table B. Establishment data, seasonally adjusted

Category	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
EMPLOYMENT BY SELECTED INDUSTRY (Over-the-month change, in thousands)				
Total nonfarm.....	87	199	195	195
Total private.....	78	188	207	202
Goods-producing.....	14	-17	0	8
Mining and logging.....	-2	-3	0	1
Construction.....	7	-7	7	13
Manufacturing.....	9	-7	-7	-6
Durable goods ¹	9	-1	0	-3
Motor vehicles and parts.....	5.8	-0.4	4.8	5.1
Nondurable goods.....	0	-6	-7	-3
Private service-providing ¹	64	205	207	194
Wholesale trade.....	8.9	3.8	8.3	11.3
Retail trade.....	-3.1	22.4	26.9	37.1
Transportation and warehousing.....	-2.5	6.5	-6.8	-5.1
Information.....	-6	-9	1	-5
Financial activities.....	6	14	6	17
Professional and business services ¹	35	69	65	53
Temporary help services.....	20.5	20.8	23.6	9.5
Education and health services ¹	6	36	23	13
Health care and social assistance.....	11.7	37.8	12.7	23.5
Leisure and hospitality.....	14	60	69	75
Other services.....	5	1	13	-4
Government.....	9	11	-12	-7
WOMEN AND PRODUCTION AND NONSUPERVISORY EMPLOYEES AS A PERCENT OF ALL EMPLOYEES ²				
Total nonfarm women employees.....	49.4	49.4	49.4	49.4
Total private women employees.....	47.9	47.9	47.9	47.9
Total private production and nonsupervisory employees.....	82.6	82.6	82.6	82.6
HOURS AND EARNINGS ALL EMPLOYEES				
Total private				
Average weekly hours.....	34.4	34.5	34.5	34.5
Average hourly earnings.....	\$ 23.50	\$ 23.89	\$ 23.91	\$ 24.01
Average weekly earnings.....	\$808.40	\$824.21	\$824.90	\$828.35
Index of aggregate weekly hours (2007=100) ³	96.2	98.2	98.4	98.6
Over-the-month percent change.....	0.0	-0.1	0.2	0.2
Index of aggregate weekly payrolls (2007=100) ⁴	107.9	111.9	112.2	112.9
Over-the-month percent change.....	0.4	0.2	0.3	0.6
HOURS AND EARNINGS PRODUCTION AND NONSUPERVISORY EMPLOYEES				
Total private				
Average weekly hours.....	33.7	33.7	33.7	33.7
Average hourly earnings.....	\$ 19.75	\$ 20.07	\$ 20.09	\$ 20.14
Average weekly earnings.....	\$665.58	\$676.36	\$677.03	\$678.72
Index of aggregate weekly hours (2002=100) ³	103.8	105.5	105.7	105.9
Over-the-month percent change.....	0.1	-0.2	0.2	0.2
Index of aggregate weekly payrolls (2002=100) ⁴	136.9	141.5	141.9	142.5
Over-the-month percent change.....	0.4	0.1	0.3	0.4
DIFFUSION INDEX (Over 1-month span) ⁵				
Total private (266 industries).....	57.3	57.7	61.8	58.8
Manufacturing (81 industries).....	50.6	44.4	48.1	46.3

¹ Includes other industries, not shown separately.

² Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries.

³ The indexes of aggregate weekly hours are calculated by dividing the current month's estimates of aggregate hours by the corresponding annual average aggregate hours.

⁴ The indexes of aggregate weekly payrolls are calculated by dividing the current month's estimates of aggregate weekly payrolls by the corresponding annual average aggregate weekly payrolls.

⁵ Figures are the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.

^p Preliminary

Frequently Asked Questions about Employment and Unemployment Estimates

1. Why are there two monthly measures of employment?

The household survey and establishment survey both produce sample-based estimates of employment, and both have strengths and limitations. The establishment survey employment series has a smaller margin of error on the measurement of month-to-month change than the household survey because of its much larger sample size. An over-the-month employment change of about 100,000 is statistically significant in the establishment survey, while the threshold for a statistically significant change in the household survey is about 400,000. However, the household survey has a more expansive scope than the establishment survey because it includes self-employed workers whose businesses are unincorporated, unpaid family workers, agricultural workers, and private household workers, who are excluded by the establishment survey. The household survey also provides estimates of employment for demographic groups. For more information on the differences between the two surveys, please visit www.bls.gov/web/empst/cps_cps_trends.pdf.

2. Are undocumented immigrants counted in the surveys?

It is likely that both surveys include at least some undocumented immigrants. However, neither the establishment nor the household survey is designed to identify the legal status of workers. Therefore, it is not possible to determine how many are counted in either survey. The establishment survey does not collect data on the legal status of workers. The household survey does include questions which identify the foreign and native born, but it does not include questions about the legal status of the foreign born. Data on the foreign and native born are published each month in table A-7 of The Employment Situation news release.

3. Why does the establishment survey have revisions?

The establishment survey revises published estimates to improve its data series by incorporating additional information that was not available at the time of the initial publication of the estimates. The establishment survey revises its initial monthly estimates twice, in the immediately succeeding 2 months, to incorporate additional sample receipts from respondents in the survey and recalculated seasonal adjustment factors. For more information on the monthly revisions, please visit www.bls.gov/cps/cesrevinfo.htm.

On an annual basis, the establishment survey incorporates a benchmark revision that re-anchors estimates to nearly complete employment counts available from unemployment insurance tax records. The benchmark helps to control for sampling and modeling errors in the estimates. For more information on the annual benchmark revision, please visit www.bls.gov/web/empst/cesbmart.htm.

4. Does the establishment survey sample include small firms?

Yes; about 40 percent of the establishment survey sample is comprised of business establishments with fewer than 20 employees. The establishment survey sample is designed to maximize the reliability of the statewide total nonfarm employment estimate; firms from all states, size classes, and industries are appropriately sampled to achieve that goal.

5. Does the establishment survey account for employment from new businesses?

Yes; monthly establishment survey estimates include an adjustment to account for the net employment change generated by business births and deaths. The adjustment comes from an econometric model that forecasts the monthly net jobs impact of business births and deaths based on the actual past values of the net impact that can be observed with a lag from the Quarterly Census of Employment and Wages. The establishment survey uses modeling rather than sampling for this purpose because the survey is not immediately able to bring new businesses into the sample. There is an unavoidable lag between the birth of a new firm and its appearance on the sampling frame and availability for selection. BLS adds new businesses to the survey twice a year.

6. Is the count of unemployed persons limited to just those people receiving unemployment insurance benefits?

No; the estimate of unemployment is based on a monthly sample survey of households. All persons who are without jobs and are actively seeking and available to work are included among the unemployed. (People on temporary layoff are included even if they do not actively seek work.) There is no requirement or question relating to unemployment insurance benefits in the monthly survey.

7. Does the official unemployment rate exclude people who want a job but are not currently looking for work?

Yes; however, there are separate estimates of persons outside the labor force who want a job, including those who are not currently looking because they believe no jobs are available (discouraged workers). In addition, alternative measures of labor underutilization (some of which include discouraged workers and other groups not officially counted as unemployed) are published each month in table A-15 of The Employment Situation news release. For more information about these alternative measures, please visit www.bls.gov/cps/lfcharacteristics.htm#altmeasures.

8. How can unusually severe weather affect employment and hours estimates?

In the establishment survey, the reference period is the pay period that includes the 12th of the month. Unusually severe weather is more likely to have an impact on average weekly hours than on employment. Average weekly hours are estimated for paid time during the pay period, including pay for holidays, sick leave, or other time off. The impact of severe weather on hours estimates typically, but not always, results in a reduction in average weekly hours. For example, some employees may be off work for part of the pay period and not receive pay for the time missed, while some workers, such as those dealing with cleanup or repair, may work extra hours.

In order for severe weather conditions to reduce the estimate of payroll employment, employees have to be off work without pay for the entire pay period. Slightly more than 20 percent of all employees in the payroll survey sample have a weekly pay period. Employees who receive pay for any part of the pay period, even 1 hour, are counted in the payroll employment figures. It is not possible to quantify the effect of extreme weather on estimates of over-the-month change in employment.

In the household survey, the reference period is generally the calendar week that includes the 12th of the month. Persons who miss the entire week's work for weather-related events are counted as employed whether or not they are paid for the time off. The household survey collects data on the number of persons who had a job but were not at work due to bad weather. It also provides a measure of the number of persons who usually work full time but had reduced hours. Current and historical data are available on the household survey's most requested statistics page at <http://data.bls.gov/cgi-bin/surveymost?ln>.

Technical Note

This news release presents statistics from two major surveys, the Current Population Survey (CPS; household survey) and the Current Employment Statistics survey (CES; establishment survey). The household survey provides information on the labor force, employment, and unemployment that appears in the "A" tables, marked HOUSEHOLD DATA. It is a sample survey of about 60,000 eligible households conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics (BLS).

The establishment survey provides information on employment, hours, and earnings of employees on nonfarm payrolls; the data appear in the "B" tables, marked ESTABLISHMENT DATA. BLS collects these data each month from the payroll records of a sample of nonagricultural business establishments. Each month the CES program surveys about 145,000 businesses and government agencies, representing approximately 557,000 individual worksites, in order to provide detailed industry data on employment, hours, and earnings of workers on nonfarm payrolls. The active sample includes approximately one-third of all nonfarm payroll employees.

For both surveys, the data for a given month relate to a particular week or pay period. In the household survey, the reference period is generally the calendar week that contains the 12th day of the month. In the establishment survey, the reference period is the pay period including the 12th, which may or may not correspond directly to the calendar week.

Coverage, definitions, and differences between surveys

Household survey. The sample is selected to reflect the entire civilian noninstitutional population. Based on responses to a series of questions on work and job search activities, each person 16 years and over in a sample household is classified as employed, unemployed, or not in the labor force.

People are classified as *employed* if they did any work at all as paid employees during the reference week; worked in their own business, profession, or on their own farm; or worked without pay at least 15 hours in a family business or farm. People are also counted as employed if they were temporarily absent from their jobs because of illness, bad weather, vacation, labor-management disputes, or personal reasons.

People are classified as *unemployed* if they meet all of the following criteria: they had no employment during the reference week; they were available for work at that time; and they made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons laid off from a job and expecting recall need not be looking for work to be counted as unemployed. The unemployment data derived from the household survey in no way depend upon the eligibility for or receipt of unemployment insurance benefits.

The *civilian labor force* is the sum of employed and unemployed persons. Those persons not classified as

employed or unemployed are *not in the labor force*. The *unemployment rate* is the number unemployed as a percent of the labor force. The *labor force participation rate* is the labor force as a percent of the population, and the *employment-population ratio* is the employed as a percent of the population. Additional information about the household survey can be found at www.bls.gov/cps/documentation.htm.

Establishment survey. The sample establishments are drawn from private nonfarm businesses such as factories, offices, and stores, as well as from federal, state, and local government entities. *Employees on nonfarm payrolls* are those who received pay for any part of the reference pay period, including persons on paid leave. Persons are counted in each job they hold. *Hours and earnings* data are produced for the private sector for all employees and for production and nonsupervisory employees. *Production and nonsupervisory* employees are defined as production and related employees in manufacturing and mining and logging, construction workers in construction, and non-supervisory employees in private service-providing industries.

Industries are classified on the basis of an establishment's principal activity in accordance with the 2012 version of the North American Industry Classification System. Additional information about the establishment survey can be found at www.bls.gov/ces/.

Differences in employment estimates. The numerous conceptual and methodological differences between the household and establishment surveys result in important distinctions in the employment estimates derived from the surveys. Among these are:

- The household survey includes agricultural workers, self-employed workers whose businesses are unincorporated, unpaid family workers, and private household workers among the employed. These groups are excluded from the establishment survey.
- The household survey includes people on unpaid leave among the employed. The establishment survey does not.
- The household survey is limited to workers 16 years of age and older. The establishment survey is not limited by age.
- The household survey has no duplication of individuals, because individuals are counted only once, even if they hold more than one job. In the establishment survey, employees working at more than one job and thus appearing on more than one payroll are counted separately for each appearance.

Seasonal adjustment

Over the course of a year, the size of the nation's labor force and the levels of employment and unemployment undergo regularly occurring fluctuations. These events may result from seasonal changes in weather, major holidays, and the opening and closing of schools. The effect of such seasonal variation can be very large.

Because these seasonal events follow a more or less regular pattern each year, their influence on the level of a series can be tempered by adjusting for regular seasonal variation. These adjustments make nonseasonal developments, such as declines in employment or increases in the participation of women in the labor force, easier to spot. For example, in the household survey, the large number of youth entering the labor force each June is likely to obscure any other changes that have taken place relative to May, making it difficult to determine if the level of economic activity has risen or declined. Similarly, in the establishment survey, payroll employment in education declines by about 20 percent at the end of the spring term and later rises with the start of the fall term, obscuring the underlying employment trends in the industry. Because seasonal employment changes at the end and beginning of the school year can be estimated, the statistics can be adjusted to make underlying employment patterns more discernable. The seasonally adjusted figures provide a more useful tool with which to analyze changes in month-to-month economic activity.

Many seasonally adjusted series are independently adjusted in both the household and establishment surveys. However, the adjusted series for many major estimates, such as total payroll employment, employment in most major sectors, total employment, and unemployment are computed by aggregating independently adjusted component series. For example, total unemployment is derived by summing the adjusted series for four major age-sex components; this differs from the unemployment estimate that would be obtained by directly adjusting the total or by combining the duration, reasons, or more detailed age categories.

For both the household and establishment surveys, a concurrent seasonal adjustment methodology is used in which new seasonal factors are calculated each month using all relevant data, up to and including the data for the current month. In the household survey, new seasonal factors are used to adjust only the current month's data. In the establishment survey, however, new seasonal factors are used each month to adjust the three most recent monthly estimates. The prior 2 months are routinely revised to incorporate additional sample reports and recalculated seasonal adjustment factors. In both surveys, 5-year revisions to historical data are made once a year.

Reliability of the estimates

Statistics based on the household and establishment surveys are subject to both sampling and nonsampling

error. When a sample, rather than the entire population, is surveyed, there is a chance that the sample estimates may differ from the true population values they represent. The component of this difference that occurs because samples differ by chance is known as *sampling error*, and its variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the true population value because of sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

For example, the confidence interval for the monthly change in total nonfarm employment from the establishment survey is on the order of plus or minus 90,000. Suppose the estimate of nonfarm employment increases by 50,000 from one month to the next. The 90-percent confidence interval on the monthly change would range from -40,000 to +140,000 (50,000 \pm 90,000). These figures do not mean that the sample results are off by these magnitudes, but rather that there is about a 90-percent chance that the true over-the-month change lies within this interval. Since this range includes values of less than zero, we could not say with confidence that nonfarm employment had, in fact, increased that month. If, however, the reported nonfarm employment rise was 250,000, then all of the values within the 90-percent confidence interval would be greater than zero. In this case, it is likely (at least a 90-percent chance) that nonfarm employment had, in fact, risen that month. At an unemployment rate of around 6.0 percent, the 90-percent confidence interval for the monthly change in unemployment as measured by the household survey is about \pm 300,000, and for the monthly change in the unemployment rate it is about \pm 0.2 percentage point.

In general, estimates involving many individuals or establishments have lower standard errors (relative to the size of the estimate) than estimates which are based on a small number of observations. The precision of estimates also is improved when the data are cumulated over time, such as for quarterly and annual averages.

The household and establishment surveys are also affected by *nonsampling error*, which can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information on a timely basis, mistakes made by respondents, and errors made in the collection or processing of the data.

For example, in the establishment survey, estimates for the most recent 2 months are based on incomplete returns; for this reason, these estimates are labeled preliminary in the tables. It is only after two successive revisions to a monthly estimate, when nearly all sample reports have been received, that the estimate is considered final.

Another major source of nonsampling error in the establishment survey is the inability to capture, on a timely basis, employment generated by new firms. To correct for this systematic underestimation of employment growth, an estimation procedure with two components is used to

account for business births. The first component excludes employment losses from business deaths from sample-based estimation in order to offset the missing employment gains from business births. This is incorporated into the sample-based estimation procedure by simply not reflecting sample units going out of business, but imputing to them the same employment trend as the other firms in the sample. This procedure accounts for most of the net birth/death employment.

The second component is an ARIMA time series model designed to estimate the residual net birth/death employment not accounted for by the imputation. The historical time series used to create and test the ARIMA model was derived from the unemployment insurance universe micro-level database, and reflects the actual residual net of births and deaths over the past 5 years.

The sample-based estimates from the establishment

survey are adjusted once a year (on a lagged basis) to universe counts of payroll employment obtained from administrative records of the unemployment insurance program. The difference between the March sample-based employment estimates and the March universe counts is known as a benchmark revision, and serves as a rough proxy for total survey error. The new benchmarks also incorporate changes in the classification of industries. Over the past decade, absolute benchmark revisions for total nonfarm employment have averaged 0.3 percent, with a range from -0.7 to 0.6 percent.

Other information

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

HOUSEHOLD DATA

Table A-1. Employment status of the civilian population by sex and age

[Numbers in thousands]

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted ¹					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
TOTAL									
Civilian noninstitutional population.....	243,155	245,363	245,552	243,155	244,826	244,995	245,175	245,363	245,552
Civilian labor force.....	156,385	155,734	157,089	155,149	155,524	155,028	155,238	155,656	155,835
Participation rate.....	64.3	63.5	64.0	63.8	63.5	63.3	63.3	63.4	63.5
Employed.....	143,202	144,432	144,841	142,448	143,492	143,286	143,579	143,898	144,058
Employment-population ratio.....	58.9	58.9	59.0	58.6	58.6	58.5	58.6	58.6	58.7
Unemployed.....	13,184	11,302	12,248	12,701	12,032	11,742	11,659	11,760	11,777
Unemployment rate.....	8.4	7.3	7.8	8.2	7.7	7.6	7.5	7.6	7.6
Not in labor force.....	86,770	89,629	88,463	88,006	89,304	89,967	89,936	89,705	89,717
Persons who currently want a job.....	7,157	7,193	7,152	6,556	6,821	6,722	6,413	6,712	6,580
Men, 16 years and over									
Civilian noninstitutional population.....	117,277	118,393	118,490	117,277	118,117	118,204	118,296	118,393	118,490
Civilian labor force.....	83,369	82,924	83,637	82,457	82,823	82,584	82,621	82,862	82,898
Participation rate.....	71.1	70.0	70.8	70.3	70.1	69.9	69.8	70.0	70.0
Employed.....	76,338	76,808	77,277	75,522	76,375	76,329	76,239	76,259	76,447
Employment-population ratio.....	65.1	64.7	65.2	64.4	64.7	64.6	64.4	64.4	64.5
Unemployed.....	7,030	6,316	6,560	6,936	6,447	6,255	6,382	6,564	6,451
Unemployment rate.....	8.4	7.6	7.8	8.4	7.8	7.6	7.7	7.9	7.8
Not in labor force.....	33,909	35,469	34,654	34,820	35,295	35,619	35,675	35,531	35,592
Men, 20 years and over									
Civilian noninstitutional population.....	108,613	109,839	109,943	108,613	109,541	109,635	109,736	109,839	109,943
Civilian labor force.....	79,733	80,015	80,186	79,432	79,910	79,747	79,803	79,878	79,883
Participation rate.....	73.4	72.8	72.9	73.1	72.9	72.7	72.7	72.7	72.7
Employed.....	73,735	74,456	74,717	73,299	74,249	74,228	74,159	74,124	74,276
Employment-population ratio.....	67.9	67.8	68.0	67.5	67.8	67.7	67.6	67.5	67.6
Unemployed.....	5,998	5,559	5,469	6,133	5,661	5,519	5,644	5,754	5,607
Unemployment rate.....	7.5	6.9	6.8	7.7	7.1	6.9	7.1	7.2	7.0
Not in labor force.....	28,879	29,824	29,757	29,180	29,631	29,888	29,933	29,961	30,060
Women, 16 years and over									
Civilian noninstitutional population.....	125,878	126,970	127,062	125,878	126,710	126,791	126,878	126,970	127,062
Civilian labor force.....	73,017	72,810	73,253	72,691	72,701	72,443	72,617	72,796	72,938
Participation rate.....	58.0	57.3	57.7	57.7	57.4	57.1	57.2	57.3	57.4
Employed.....	66,863	67,824	67,565	66,926	67,116	66,956	67,340	67,599	67,612
Employment-population ratio.....	53.1	53.4	53.2	53.2	53.0	52.8	53.1	53.2	53.2
Unemployed.....	6,153	4,986	5,688	5,765	5,585	5,487	5,277	5,197	5,326
Unemployment rate.....	8.4	6.8	7.8	7.9	7.7	7.6	7.3	7.1	7.3
Not in labor force.....	52,862	54,160	53,809	53,187	54,009	54,348	54,261	54,174	54,124
Women, 20 years and over									
Civilian noninstitutional population.....	117,546	118,708	118,804	117,546	118,433	118,520	118,612	118,708	118,804
Civilian labor force.....	69,610	69,955	69,899	69,777	69,772	69,544	69,744	69,895	70,075
Participation rate.....	59.2	58.9	58.8	59.4	58.9	58.7	58.8	58.9	59.0
Employed.....	64,288	65,611	64,981	64,816	64,867	64,707	65,101	65,329	65,314
Employment-population ratio.....	54.7	55.3	54.7	55.0	54.8	54.6	54.9	55.0	55.0
Unemployed.....	5,322	4,343	4,918	5,161	4,905	4,837	4,642	4,566	4,761
Unemployment rate.....	7.6	6.2	7.0	7.4	7.0	7.0	6.7	6.5	6.8
Not in labor force.....	47,936	48,753	48,905	47,769	48,661	48,976	48,868	48,813	48,730
Both sexes, 16 to 19 years									
Civilian noninstitutional population.....	16,997	16,816	16,805	16,997	16,854	16,840	16,827	16,816	16,805
Civilian labor force.....	7,042	5,764	7,004	5,940	5,842	5,737	5,692	5,886	5,878
Participation rate.....	41.4	34.3	41.7	34.9	34.7	34.1	33.8	35.0	35.0
Employed.....	5,178	4,364	5,143	4,533	4,376	4,351	4,320	4,445	4,469
Employment-population ratio.....	30.5	26.0	30.6	26.7	26.0	25.8	25.7	26.4	26.6
Unemployed.....	1,864	1,400	1,860	1,406	1,466	1,386	1,372	1,441	1,409
Unemployment rate.....	26.5	24.3	26.6	23.7	25.1	24.2	24.1	24.5	24.0
Not in labor force.....	9,955	11,052	9,801	11,057	11,012	11,103	11,135	10,930	10,927

¹ The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

NOTE: Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-2. Employment status of the civilian population by race, sex, and age

(Numbers in thousands)

Employment status, race, sex, and age	Not seasonally adjusted			Seasonally adjusted ¹					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
WHITE									
Civilian noninstitutional population.....	193,120	194,147	194,254	193,120	193,859	193,946	194,041	194,147	194,254
Civilian labor force.....	124,624	123,836	124,627	123,783	123,626	123,382	123,504	123,844	123,766
Participation rate.....	64.5	63.8	64.2	64.1	63.8	63.6	63.6	63.8	63.7
Employed.....	115,280	115,828	116,132	114,730	115,250	115,080	115,266	115,557	115,563
Employment-population ratio.....	59.7	59.7	59.8	59.4	59.5	59.3	59.4	59.5	59.5
Unemployed.....	9,344	8,009	8,495	9,053	8,376	8,302	8,238	8,287	8,204
Unemployment rate.....	7.5	6.5	6.8	7.3	6.8	6.7	6.7	6.7	6.6
Not in labor force.....	68,496	70,311	69,628	69,337	70,233	70,565	70,537	70,303	70,488
Men, 20 years and over									
Civilian labor force.....	64,730	64,785	64,843	64,535	64,720	64,549	64,674	64,680	64,625
Participation rate.....	73.8	73.3	73.3	73.6	73.4	73.1	73.2	73.2	73.1
Employed.....	60,374	60,816	60,951	60,045	60,659	60,594	60,540	60,545	60,620
Employment-population ratio.....	68.8	68.8	68.9	68.4	68.8	68.7	68.6	68.5	68.6
Unemployed.....	4,356	3,969	3,892	4,490	4,061	3,955	4,135	4,135	4,005
Unemployment rate.....	6.7	6.1	6.0	7.0	6.3	6.1	6.4	6.4	6.2
Women, 20 years and over									
Civilian labor force.....	54,265	54,411	54,239	54,484	54,224	54,255	54,221	54,447	54,469
Participation rate.....	58.5	58.3	58.1	58.8	58.2	58.2	58.2	58.4	58.4
Employed.....	50,598	51,390	50,893	50,914	50,946	50,940	51,123	51,311	51,222
Employment-population ratio.....	54.6	55.1	54.5	54.9	54.7	54.7	54.8	55.0	54.9
Unemployed.....	3,667	3,021	3,346	3,570	3,278	3,315	3,098	3,136	3,247
Unemployment rate.....	6.8	5.6	6.2	6.6	6.0	6.1	5.7	5.8	6.0
Both sexes, 16 to 19 years									
Civilian labor force.....	5,629	4,641	5,545	4,764	4,682	4,578	4,608	4,717	4,672
Participation rate.....	44.4	37.1	44.3	37.6	37.3	36.5	36.8	37.7	37.3
Employed.....	4,308	3,622	4,289	3,771	3,845	3,546	3,603	3,700	3,721
Employment-population ratio.....	34.0	28.9	34.3	29.8	29.1	28.3	28.8	29.6	29.7
Unemployed.....	1,321	1,019	1,256	994	1,037	1,032	1,005	1,017	951
Unemployment rate.....	23.5	21.9	22.7	20.9	22.1	22.5	21.8	21.6	20.4
BLACK OR AFRICAN AMERICAN									
Civilian noninstitutional population.....	29,885	30,322	30,355	29,885	30,223	30,255	30,290	30,322	30,355
Civilian labor force.....	18,758	18,690	18,852	18,549	18,639	18,524	18,617	18,723	18,838
Participation rate.....	62.8	61.6	62.1	62.1	61.7	61.2	61.5	61.7	61.4
Employed.....	15,978	16,226	16,154	15,879	16,059	16,068	16,167	16,202	16,090
Employment-population ratio.....	53.5	53.5	53.2	53.1	53.1	53.1	53.4	53.4	53.0
Unemployed.....	2,780	2,464	2,698	2,670	2,580	2,456	2,450	2,521	2,546
Unemployment rate.....	14.8	13.2	14.3	14.4	13.8	13.3	13.2	13.5	13.7
Not in labor force.....	11,128	11,632	11,502	11,337	11,583	11,731	11,673	11,599	11,719
Men, 20 years and over									
Civilian labor force.....	8,376	8,432	8,411	8,319	8,437	8,447	8,377	8,441	8,358
Participation rate.....	68.8	67.8	67.5	68.3	68.2	68.1	67.4	67.9	67.1
Employed.....	7,204	7,274	7,331	7,140	7,352	7,370	7,319	7,301	7,270
Employment-population ratio.....	59.2	58.5	58.9	58.6	59.4	59.4	58.9	58.7	58.4
Unemployed.....	1,172	1,157	1,079	1,179	1,085	1,077	1,058	1,140	1,088
Unemployment rate.....	14.0	13.7	12.8	14.2	12.9	12.7	12.6	13.5	13.0
Women, 20 years and over									
Civilian labor force.....	9,471	9,530	9,551	9,486	9,491	9,385	9,529	9,562	9,556
Participation rate.....	62.9	62.3	62.3	63.0	62.2	61.3	62.3	62.5	62.3
Employed.....	8,266	8,531	8,365	8,287	8,302	8,226	8,425	8,487	8,413
Employment-population ratio.....	54.9	55.7	54.6	55.0	54.4	53.9	55.1	55.4	54.9
Unemployed.....	1,205	999	1,186	1,199	1,189	1,139	1,105	1,074	1,143
Unemployment rate.....	12.7	10.5	12.4	12.6	12.5	12.2	11.6	11.2	12.0
Both sexes, 16 to 19 years									
Civilian labor force.....	910	728	891	744	711	713	711	720	722
Participation rate.....	34.4	28.3	34.7	28.1	27.4	27.6	27.5	28.0	28.1
Employed.....	508	420	458	452	404	472	423	413	407
Employment-population ratio.....	19.2	16.3	17.8	17.1	15.6	18.2	16.4	16.1	16.8
Unemployed.....	402	308	433	292	307	241	287	307	315
Unemployment rate.....	44.2	42.3	48.6	39.3	43.1	33.8	40.5	42.6	43.6
ASIAN									
Civilian noninstitutional population.....	12,695	13,343	13,291	—	—	—	—	—	—

See footnotes at end of table.

HOUSEHOLD DATA

Table A-2. Employment status of the civilian population by race, sex, and age — Continued

(Numbers in thousands)

Employment status, race, sex, and age	Not seasonally adjusted			Seasonally adjusted ¹					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
Civilian labor force.....	8,202	8,491	8,737	—	—	—	—	—	—
Participation rate.....	64.6	63.6	65.7	—	—	—	—	—	—
Employed.....	7,682	8,127	8,302	—	—	—	—	—	—
Employment-population ratio.....	60.5	60.9	62.5	—	—	—	—	—	—
Unemployed.....	519	365	435	—	—	—	—	—	—
Unemployment rate.....	6.3	4.3	5.0	—	—	—	—	—	—
Not in labor force.....	4,493	4,851	4,554	—	—	—	—	—	—

¹ The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

— Data not available.

NOTE: Estimates for the above race groups will not sum to totals shown in table A-1 because data are not presented for all races. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-3. Employment status of the Hispanic or Latino population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted ¹					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
HISPANIC OR LATINO ETHNICITY									
Civilian noninstitutional population.....	36,708	37,395	37,471	36,708	37,169	37,242	37,320	37,395	37,471
Civilian labor force.....	24,679	24,872	24,975	24,585	24,563	24,354	24,512	24,848	24,869
Participation rate.....	67.2	66.5	66.7	67.0	66.1	65.4	65.7	66.4	66.4
Employed.....	21,962	22,743	22,698	21,878	22,215	22,122	22,310	22,583	22,601
Employment-population ratio.....	59.8	60.8	60.6	59.6	59.8	59.4	59.8	60.4	60.3
Unemployed.....	2,718	2,129	2,277	2,708	2,348	2,232	2,202	2,265	2,267
Unemployment rate.....	11.0	8.6	9.1	11.0	9.6	9.2	9.0	9.1	9.1
Not in labor force.....	12,029	12,523	12,495	12,123	12,606	12,888	12,808	12,547	12,602
Men, 20 years and over									
Civilian labor force.....	13,425	13,731	13,768	—	—	—	—	—	—
Participation rate.....	81.2	81.4	81.4	—	—	—	—	—	—
Employed.....	12,147	12,737	12,731	—	—	—	—	—	—
Employment-population ratio.....	73.5	75.5	75.3	—	—	—	—	—	—
Unemployed.....	1,277	995	1,036	—	—	—	—	—	—
Unemployment rate.....	9.5	7.2	7.5	—	—	—	—	—	—
Women, 20 years and over									
Civilian labor force.....	9,909	10,017	9,914	—	—	—	—	—	—
Participation rate.....	60.0	59.3	58.6	—	—	—	—	—	—
Employed.....	8,886	9,203	9,057	—	—	—	—	—	—
Employment-population ratio.....	53.8	54.5	53.5	—	—	—	—	—	—
Unemployed.....	1,022	815	857	—	—	—	—	—	—
Unemployment rate.....	10.3	8.1	8.6	—	—	—	—	—	—
Both sexes, 16 to 19 years									
Civilian labor force.....	1,346	1,124	1,293	—	—	—	—	—	—
Participation rate.....	36.8	30.8	35.4	—	—	—	—	—	—
Employed.....	928	804	910	—	—	—	—	—	—
Employment-population ratio.....	25.4	22.0	24.9	—	—	—	—	—	—
Unemployed.....	418	320	383	—	—	—	—	—	—
Unemployment rate.....	31.0	28.5	29.6	—	—	—	—	—	—

¹ The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.

- Data not available.

NOTE: Persons whose ethnicity is identified as Hispanic or Latino may be of any race. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-4. Employment status of the civilian population 25 years and over by educational attainment

(Numbers in thousands)

Educational attainment	Not seasonally adjusted			Seasonally adjusted					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
Less than a high school diploma									
Civilian labor force.....	11,623	11,493	11,414	11,383	11,256	11,264	10,999	11,237	11,161
Participation rate.....	45.9	45.9	45.5	45.0	47.2	46.0	44.8	45.0	44.6
Employed.....	10,291	10,295	10,312	9,956	9,999	10,012	9,725	9,993	9,969
Employment-population ratio.....	40.6	41.2	41.1	39.3	41.9	40.9	39.6	40.0	39.8
Unemployed.....	1,332	1,188	1,102	1,427	1,257	1,252	1,274	1,243	1,192
Unemployment rate.....	11.5	10.3	9.7	12.5	11.2	11.1	11.6	11.1	10.7
High school graduates, no college¹									
Civilian labor force.....	36,851	36,488	36,324	36,964	36,143	36,121	36,200	36,236	36,320
Participation rate.....	59.8	59.3	59.1	60.0	58.1	58.6	58.7	58.9	59.1
Employed.....	33,884	33,963	33,681	33,839	33,289	33,359	33,510	33,572	33,562
Employment-population ratio.....	55.0	55.2	54.8	54.9	53.6	54.1	54.3	54.6	54.6
Unemployed.....	2,967	2,525	2,643	3,125	2,854	2,762	2,689	2,664	2,757
Unemployment rate.....	8.1	6.9	7.3	8.5	7.9	7.6	7.4	7.4	7.6
Some college or associate degree									
Civilian labor force.....	37,194	37,189	36,943	37,416	37,291	37,232	37,371	37,470	37,297
Participation rate.....	68.4	68.0	67.4	68.8	68.0	68.1	68.4	68.5	68.1
Employed.....	34,446	34,848	34,561	34,680	34,776	34,845	34,992	35,036	34,925
Employment-population ratio.....	63.4	63.7	63.1	63.8	63.5	63.8	64.1	64.0	63.7
Unemployed.....	2,748	2,341	2,382	2,736	2,515	2,387	2,379	2,435	2,372
Unemployment rate.....	7.4	6.3	6.4	7.3	6.7	6.4	6.4	6.5	6.4
Bachelor's degree and higher²									
Civilian labor force.....	47,631	49,392	49,086	47,959	49,436	49,236	49,492	49,473	49,466
Participation rate.....	75.5	75.6	75.1	76.1	75.9	75.3	75.6	75.8	75.6
Employed.....	45,674	47,623	47,163	45,986	47,555	47,371	47,563	47,581	47,537
Employment-population ratio.....	72.4	72.9	72.1	72.9	73.0	72.5	72.7	72.9	72.7
Unemployed.....	1,957	1,770	1,923	1,973	1,881	1,865	1,929	1,892	1,929
Unemployment rate.....	4.1	3.6	3.9	4.1	3.8	3.8	3.9	3.8	3.9

¹ Includes persons with a high school diploma or equivalent.² Includes persons with bachelor's, master's, professional, and doctoral degrees.

NOTE: Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted
(Numbers in thousands)

Employment status, veteran status, and period of service	Total		Men		Women	
	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013
VETERANS, 18 years and over						
Civilian noninstitutional population.....	21,193	21,412	19,380	19,188	1,813	2,224
Civilian labor force.....	10,958	10,950	9,853	9,532	1,104	1,418
Participation rate.....	51.7	51.1	50.8	49.7	60.9	63.8
Employed.....	10,151	10,284	9,144	8,952	1,007	1,311
Employment-population ratio.....	47.9	47.9	47.2	46.7	55.5	59.0
Unemployed.....	806	687	709	579	97	107
Unemployment rate.....	7.4	6.3	7.2	6.1	8.8	7.6
Not in labor force.....	10,235	10,462	9,527	9,656	709	806
Gulf War-era II veterans						
Civilian noninstitutional population.....	2,597	2,790	2,168	2,232	429	558
Civilian labor force.....	2,061	2,223	1,767	1,825	294	398
Participation rate.....	79.4	79.7	81.5	81.7	68.4	71.4
Employed.....	1,865	2,063	1,602	1,700	264	363
Employment-population ratio.....	71.8	73.9	73.9	76.2	61.4	65.0
Unemployed.....	196	160	166	125	30	36
Unemployment rate.....	9.5	7.2	9.4	6.8	10.1	8.9
Not in labor force.....	536	567	401	408	136	160
Gulf War-era I veterans						
Civilian noninstitutional population.....	3,053	3,266	2,590	2,627	464	639
Civilian labor force.....	2,541	2,658	2,181	2,164	359	494
Participation rate.....	83.2	81.4	84.2	82.4	77.5	77.3
Employed.....	2,377	2,527	2,055	2,056	322	471
Employment-population ratio.....	77.9	77.4	79.4	78.3	69.4	73.6
Unemployed.....	163	131	126	107	37	23
Unemployment rate.....	6.4	4.9	5.8	5.0	10.4	4.7
Not in labor force.....	513	609	408	463	105	145
World War II, Korean War, and Vietnam-era veterans						
Civilian noninstitutional population.....	9,897	9,829	9,583	9,459	314	370
Civilian labor force.....	3,234	3,010	3,136	2,899	98	111
Participation rate.....	32.7	30.6	32.7	30.7	31.2	29.9
Employed.....	3,005	2,828	2,909	2,725	96	103
Employment-population ratio.....	30.4	28.8	30.4	28.8	30.5	27.8
Unemployed.....	229	183	227	175	2	8
Unemployment rate.....	7.1	6.1	7.2	6.0	2.1	7.1
Not in labor force.....	6,663	6,819	6,447	6,559	216	259
Veterans of other service periods						
Civilian noninstitutional population.....	5,646	5,526	5,040	4,870	606	656
Civilian labor force.....	3,122	3,059	2,769	2,644	353	415
Participation rate.....	55.3	55.4	54.9	54.3	58.3	63.2
Employed.....	2,903	2,846	2,578	2,471	325	376
Employment-population ratio.....	51.4	51.5	51.2	50.7	53.7	57.1
Unemployed.....	219	213	191	173	28	40
Unemployment rate.....	7.0	7.0	6.9	6.5	7.9	9.7
Not in labor force.....	2,523	2,467	2,271	2,226	253	241
NONVETERANS, 18 years and over						
Civilian noninstitutional population.....	213,167	215,434	93,488	94,854	119,679	120,580
Civilian labor force.....	142,908	143,662	72,282	72,989	70,625	70,673
Participation rate.....	67.0	66.7	77.3	76.9	59.0	58.6
Employed.....	131,356	132,902	66,415	67,492	64,942	65,409
Employment-population ratio.....	61.6	61.7	71.0	71.2	54.3	54.2
Unemployed.....	11,551	10,760	5,868	5,497	5,684	5,263
Unemployment rate.....	8.1	7.5	8.1	7.5	8.0	7.4
Not in labor force.....	70,259	71,772	21,206	21,864	49,053	49,907

NOTE: Veterans served on active duty in the U.S. Armed Forces and were not on active duty at the time of the survey. Nonveterans never served on active duty in the U.S. Armed Forces. Veterans could have served anywhere in the world during these periods of service: Gulf War era II (September 2001-present), Gulf War era I (August 1990-August 2001), Vietnam era (August 1964-April 1975), Korean War (July 1950-January 1955), World War II (December 1941-December 1946), and other service periods (all other time periods). Veterans who served in more than one wartime period are classified only in the most recent one. Veterans who served during one of the selected wartime periods and another period are classified only in the wartime period. Beginning with data for January 2013, estimates for veterans incorporate population controls derived from the updated Department of Veterans Affairs' population model.

HOUSEHOLD DATA

Table A-6. Employment status of the civilian population by sex, age, and disability status, not seasonally adjusted

(Numbers in thousands)

Employment status, sex, and age	Persons with a disability		Persons with no disability	
	June 2012	June 2013	June 2012	June 2013
TOTAL, 16 years and over				
Civilian noninstitutional population.....	28,097	28,491	215,058	217,061
Civilian labor force.....	5,755	5,768	150,630	151,321
Participation rate.....	20.5	20.2	70.0	69.7
Employed.....	4,987	4,950	138,214	139,891
Employment-population ratio.....	17.7	17.4	64.3	64.4
Unemployed.....	768	818	12,416	11,430
Unemployment rate.....	13.3	14.2	8.2	7.6
Not in labor force.....	22,342	22,724	64,428	65,739
Men, 16 to 64 years				
Civilian labor force.....	2,546	2,570	76,457	76,761
Participation rate.....	34.2	34.4	83.6	83.5
Employed.....	2,215	2,204	70,073	70,795
Employment-population ratio.....	29.8	29.5	76.6	77.0
Unemployed.....	332	366	6,385	5,965
Unemployment rate.....	13.0	14.2	8.4	7.8
Not in labor force.....	4,893	4,907	15,016	15,132
Women, 16 to 64 years				
Civilian labor force.....	2,281	2,242	67,429	67,389
Participation rate.....	29.7	28.5	71.1	70.9
Employed.....	1,929	1,846	61,863	62,323
Employment-population ratio.....	25.1	23.4	65.2	65.6
Unemployed.....	352	397	5,566	5,065
Unemployment rate.....	15.4	17.7	8.3	7.5
Not in labor force.....	5,391	5,630	27,390	27,614
Both sexes, 65 years and over				
Civilian labor force.....	927	956	6,744	7,172
Participation rate.....	7.1	7.3	23.4	23.8
Employed.....	843	901	6,279	6,773
Employment-population ratio.....	6.5	6.9	21.8	22.5
Unemployed.....	84	55	465	399
Unemployment rate.....	9.1	5.8	6.9	5.6
Not in labor force.....	12,058	12,186	22,022	22,993

NOTE: A person with a disability has at least one of the following conditions: is deaf or has serious difficulty hearing; is blind or has serious difficulty seeing even when wearing glasses; has serious difficulty concentrating, remembering, or making decisions because of a physical, mental, or emotional condition; has serious difficulty walking or climbing stairs; has difficulty dressing or bathing; or has difficulty doing errands alone such as visiting a doctor's office or shopping because of a physical, mental, or emotional condition. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-7. Employment status of the civilian population by nativity and sex, not seasonally adjusted

(Numbers in thousands)

Employment status and nativity	Total		Men		Women	
	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013
Foreign born, 16 years and over						
Civilian noninstitutional population.....	37,315	37,658	18,294	18,371	19,021	19,286
Civilian labor force.....	25,009	25,305	14,588	14,692	10,420	10,612
Participation rate.....	67.0	67.2	79.7	80.0	54.8	55.0
Employed.....	22,985	23,670	13,502	13,809	9,483	9,861
Employment-population ratio.....	61.6	62.9	73.8	75.2	49.9	51.1
Unemployed.....	2,024	1,635	1,086	883	938	751
Unemployment rate.....	8.1	6.5	7.4	6.0	9.0	7.1
Not in labor force.....	12,306	12,353	3,705	3,679	8,601	8,674
Native born, 16 years and over						
Civilian noninstitutional population.....	205,840	207,894	98,984	100,119	106,857	107,775
Civilian labor force.....	131,377	131,785	68,781	69,144	62,596	62,640
Participation rate.....	63.8	63.4	69.5	69.1	58.6	58.1
Employed.....	120,217	121,172	62,836	63,468	57,380	57,704
Employment-population ratio.....	58.4	58.3	63.5	63.4	53.7	53.5
Unemployed.....	11,160	10,613	5,944	5,676	5,216	4,936
Unemployment rate.....	8.5	8.1	8.6	8.2	8.3	7.9
Not in labor force.....	74,464	76,110	30,203	30,975	44,261	45,135

NOTE: The foreign born are those residing in the United States who were not U.S. citizens at birth. That is, they were born outside the United States or one of its outlying areas such as Puerto Rico or Guam, to parents neither of whom was a U.S. citizen. The native born are persons who were born in the United States or one of its outlying areas such as Puerto Rico or Guam or who were born abroad of at least one parent who was a U.S. citizen. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-8. Employed persons by class of worker and part-time status

(In thousands)

Category	Not seasonally adjusted			Seasonally adjusted					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
CLASS OF WORKER									
Agriculture and related industries.....	2,377	2,168	2,234	2,200	2,065	2,001	2,017	2,059	2,067
Wage and salary workers ¹	1,514	1,322	1,380	1,398	1,258	1,250	1,227	1,263	1,268
Self-employed workers, unincorporated.....	826	831	836	781	792	710	772	793	790
Unpaid family workers.....	37	15	18	—	—	—	—	—	—
Nonagricultural industries.....	140,824	142,263	142,607	140,218	141,415	141,317	141,592	141,890	142,004
Wage and salary workers ¹	131,694	133,483	133,652	131,342	132,694	132,761	132,847	133,201	133,273
Government.....	19,679	20,537	19,719	19,995	20,571	20,633	20,269	20,361	20,157
Private industries.....	112,015	112,947	113,932	111,403	112,141	112,147	112,558	112,865	113,167
Private households.....	832	663	702	—	—	—	—	—	—
Other industries.....	111,183	112,284	113,230	110,638	111,411	111,462	111,932	112,274	112,552
Self-employed workers, unincorporated.....	9,049	8,715	8,885	8,818	8,686	8,407	8,651	8,597	8,643
Unpaid family workers.....	82	65	71	—	—	—	—	—	—
PERSONS AT WORK PART TIME²									
All industries									
Part time for economic reasons ³	8,394	7,618	8,440	8,210	7,988	7,638	7,916	7,904	8,226
Slack work or business conditions.....	5,378	4,604	5,222	5,471	5,136	4,906	5,129	4,841	5,193
Could only find part-time work.....	2,599	2,727	2,748	2,514	2,578	2,576	2,527	2,721	2,652
Part time for noneconomic reasons ⁴	17,654	19,315	17,931	18,825	18,908	18,745	18,908	18,934	19,044
Nonagricultural industries									
Part time for economic reasons ³	8,268	7,523	8,328	8,072	7,865	7,544	7,793	7,797	8,111
Slack work or business conditions.....	5,294	4,544	5,150	5,363	5,045	4,832	5,058	4,778	5,120
Could only find part-time work.....	2,587	2,714	2,717	2,501	2,542	2,510	2,454	2,666	2,632
Part time for noneconomic reasons ⁴	17,285	18,993	17,644	18,470	18,549	18,435	18,542	18,511	18,696

1 Includes self-employed workers whose businesses are incorporated.

2 Refers to those who worked 1 to 34 hours during the survey reference week and excludes employed persons who were absent from their jobs for the entire week.

3 Refers to those who worked 1 to 34 hours during the reference week for an economic reason such as slack work or unfavorable business conditions, inability to find full-time work, or seasonal declines in demand.

4 Refers to persons who usually work part time for noneconomic reasons such as childcare problems, family or personal obligations, school or training, retirement or Social Security limits on earnings, and other reasons. This excludes persons who usually work full time but worked only 1 to 34 hours during the reference week for reasons such as vacations, holidays, illness, and bad weather.

- Data not available.

NOTE: Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA
Table A-9. Selected employment indicators
 (Numbers in thousands)

Characteristic	Not seasonally adjusted			Seasonally adjusted					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
AGE AND SEX									
Total, 16 years and over.....	143,202	144,432	144,841	142,448	143,492	143,286	143,579	143,898	144,058
16 to 19 years.....	5,178	4,364	5,143	4,533	4,376	4,351	4,320	4,445	4,469
16 to 17 years.....	1,694	1,415	1,676	1,473	1,520	1,482	1,490	1,505	1,451
18 to 19 years.....	3,484	2,949	3,467	3,067	2,866	2,868	2,834	2,937	3,027
20 years and over.....	138,024	140,067	139,698	137,915	139,116	138,935	139,260	139,453	139,589
20 to 24 years.....	13,729	13,339	13,981	13,371	13,527	13,382	13,569	13,412	13,605
25 years and over.....	124,295	126,728	125,717	124,592	125,604	125,615	125,678	126,057	125,978
25 to 34 years.....	94,005	94,963	94,390	94,125	94,387	94,409	94,393	94,569	94,461
35 to 44 years.....	30,656	31,402	31,206	30,654	31,152	31,180	31,133	31,292	31,217
45 to 54 years.....	30,431	30,834	30,523	30,484	30,521	30,620	30,637	30,691	30,570
55 years and over.....	32,917	32,726	32,661	32,967	32,714	32,610	32,623	32,586	32,675
Men, 16 years and over.....	76,338	76,608	77,277	75,522	76,375	76,329	76,239	76,299	76,447
16 to 19 years.....	2,603	2,152	2,560	2,223	2,126	2,101	2,080	2,175	2,171
16 to 17 years.....	779	654	832	659	713	645	653	686	696
18 to 19 years.....	1,823	1,498	1,728	1,593	1,408	1,444	1,426	1,485	1,495
20 years and over.....	73,735	74,456	74,717	73,299	74,249	74,228	74,159	74,124	74,276
20 to 24 years.....	7,130	6,900	7,193	6,868	7,073	7,006	6,990	6,917	6,962
25 years and over.....	66,606	67,557	67,524	66,462	67,149	67,205	67,095	67,192	67,331
25 to 34 years.....	50,538	50,867	50,878	50,363	50,603	50,609	50,560	50,613	50,672
35 to 44 years.....	16,564	16,597	16,687	16,627	16,940	16,980	16,887	16,961	16,944
45 to 54 years.....	16,431	16,732	16,607	16,428	16,597	16,655	16,673	16,660	16,602
55 years and over.....	17,442	17,138	17,284	17,327	17,066	17,034	17,005	16,992	17,125
Women, 16 years and over.....	66,863	67,824	67,565	66,926	67,116	66,956	67,340	67,599	67,612
16 to 19 years.....	2,575	2,213	2,584	2,311	2,250	2,250	2,239	2,271	2,298
16 to 17 years.....	915	762	844	814	807	837	837	819	755
18 to 19 years.....	1,660	1,451	1,739	1,474	1,458	1,424	1,408	1,452	1,532
20 years and over.....	64,288	65,611	64,981	64,616	64,867	64,707	65,101	65,329	65,314
20 to 24 years.....	6,599	6,440	6,789	6,503	6,455	6,376	6,578	6,495	6,653
25 years and over.....	57,689	59,171	58,192	58,130	58,455	58,411	58,583	58,866	58,647
25 to 34 years.....	43,467	44,096	43,512	43,742	43,784	43,740	43,828	43,955	43,790
35 to 44 years.....	13,992	14,405	14,220	14,027	14,212	14,200	14,246	14,330	14,272
45 to 54 years.....	14,000	14,102	13,915	14,056	13,925	13,965	13,964	14,030	13,968
55 years and over.....	15,475	15,588	15,377	15,659	15,648	15,575	15,619	15,595	15,550
Married men, spouse present.....	43,740	44,284	43,923	43,758	43,934	44,007	44,024	44,176	43,963
Married women, spouse present.....	34,177	34,804	34,276	34,553	34,400	34,319	34,346	34,716	34,672
Women who maintain families.....	9,264	9,557	9,348	-	-	-	-	-	-
FULL- OR PART-TIME STATUS									
Full-time workers ¹	116,024	116,043	117,400	114,806	115,841	115,903	116,053	116,238	115,998
Part-time workers ²	27,178	27,769	27,442	27,664	27,569	27,442	27,549	27,699	28,059
MULTIPLE JOBHOLDERS									
Total multiple jobholders.....	6,707	7,123	6,990	6,790	7,259	7,102	6,983	6,918	7,065
Percent of total employed.....	4.7	4.9	4.8	4.8	5.1	5.0	4.9	4.8	4.9
SELF-EMPLOYMENT									
Self-employed workers, incorporated.....	5,206	5,305	5,170	-	-	-	-	-	-
Self-employed workers, unincorporated.....	9,875	9,546	9,720	9,599	9,478	9,117	9,423	9,390	9,432

¹ Employed full-time workers are persons who usually work 35 hours or more per week.

² Employed part-time workers are persons who usually work less than 35 hours per week.

- Data not available.

NOTE: Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA
Table A-10. Selected unemployment indicators, seasonally adjusted

Characteristic	Number of unemployed persons (in thousands)			Unemployment rates					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
AGE AND SEX									
Total, 16 years and over.....	12,701	11,760	11,777	8.2	7.7	7.6	7.5	7.6	7.6
16 to 19 years.....	1,406	1,441	1,409	23.7	25.1	24.2	24.1	24.5	24.0
16 to 17 years.....	537	570	522	26.7	27.6	27.1	27.3	27.5	26.6
18 to 19 years.....	861	847	882	21.9	23.0	22.1	22.6	22.4	22.6
20 years and over.....	11,294	10,320	10,368	7.6	7.1	6.9	6.9	6.9	6.9
20 to 24 years.....	2,119	2,048	2,123	13.7	13.1	13.3	13.1	13.2	13.5
25 years and over.....	9,256	8,232	8,274	6.9	6.3	6.2	6.1	6.1	6.2
25 to 54 years.....	7,264	6,503	6,491	7.2	6.5	6.4	6.4	6.4	6.4
25 to 34 years.....	2,751	2,425	2,579	8.2	7.8	7.4	7.4	7.2	7.6
35 to 44 years.....	2,299	2,026	1,932	7.0	6.2	6.0	5.8	6.2	5.9
45 to 54 years.....	2,214	2,053	1,981	6.3	5.5	5.7	5.9	5.9	5.7
55 years and over.....	1,985	1,760	1,777	6.1	5.8	5.5	5.5	5.3	5.3
Men, 16 years and over.....	6,936	6,564	6,451	8.4	7.8	7.6	7.7	7.9	7.8
16 to 19 years.....	802	810	844	26.5	27.0	25.9	26.2	27.1	28.0
16 to 17 years.....	294	318	309	30.9	31.1	30.7	31.2	31.6	30.8
18 to 19 years.....	499	469	521	23.9	24.3	23.4	23.9	24.0	25.8
20 years and over.....	6,133	5,754	5,607	7.7	7.1	6.9	7.1	7.2	7.0
20 to 24 years.....	1,241	1,183	1,228	15.3	13.4	14.4	14.0	14.6	15.0
25 years and over.....	4,968	4,543	4,406	7.0	6.3	6.0	6.3	6.3	6.1
25 to 54 years.....	3,832	3,524	3,436	7.1	6.4	6.1	6.5	6.5	6.4
25 to 34 years.....	1,419	1,331	1,362	7.9	7.7	7.1	7.6	7.3	7.4
35 to 44 years.....	1,245	1,074	1,015	7.0	5.9	5.6	5.7	6.1	5.8
45 to 54 years.....	1,168	1,118	1,059	6.3	5.7	5.6	6.2	6.2	5.8
55 years and over.....	1,136	1,019	970	6.6	6.0	5.7	5.7	5.8	5.5
Women, 16 years and over.....	5,765	5,197	5,326	7.9	7.7	7.6	7.3	7.1	7.3
16 to 19 years.....	604	631	565	20.7	23.2	22.4	22.1	21.7	19.7
16 to 17 years.....	242	253	214	22.9	24.3	24.0	23.8	23.6	22.0
18 to 19 years.....	362	377	361	19.7	21.7	20.7	21.2	20.6	19.1
20 years and over.....	5,161	4,566	4,761	7.4	7.0	7.0	6.7	6.5	6.8
20 to 24 years.....	878	865	895	11.9	12.7	12.0	12.3	11.8	11.9
25 years and over.....	4,288	3,690	3,868	6.9	6.4	6.3	5.9	5.9	6.2
25 to 54 years.....	3,432	2,980	3,055	7.3	6.6	6.6	6.2	6.3	6.5
25 to 34 years.....	1,333	1,094	1,217	8.7	7.9	7.7	7.3	7.1	7.9
35 to 44 years.....	1,054	952	916	7.0	6.7	6.5	6.0	6.4	6.2
45 to 54 years.....	1,046	934	921	6.3	5.3	5.7	5.5	5.7	5.6
55 years and over ¹	879	685	836	5.8	5.6	5.2	4.8	4.3	5.4
MARITAL STATUS									
Married men, spouse present.....	2,273	2,018	1,975	4.9	4.5	4.3	4.4	4.4	4.3
Married women, spouse present.....	1,955	1,597	1,677	5.4	4.9	4.7	4.4	4.4	4.6
Women who maintain families ¹	1,237	1,044	1,123	11.8	11.0	10.7	10.3	9.9	10.7
FULL- OR PART-TIME STATUS									
Full-time workers ²	10,851	9,941	9,956	8.6	8.1	7.9	7.9	7.9	7.9
Part-time workers ³	1,869	1,752	1,834	6.3	6.2	5.9	6.0	5.9	6.1

¹ Not seasonally adjusted.

² Full-time workers are unemployed persons who have expressed a desire to work full time (35 hours or more per week) or are on layoff from full-time jobs.

³ Part-time workers are unemployed persons who have expressed a desire to work part time (less than 35 hours per week) or are on layoff from part-time jobs.

NOTE: Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-11. Unemployed persons by reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted				Seasonally adjusted				
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
NUMBER OF UNEMPLOYED									
Job losers and persons who completed temporary jobs.....	6,927	5,751	5,939	7,121	6,522	6,329	6,410	6,147	6,119
On temporary layoff.....	1,188	768	1,139	1,309	1,078	1,107	1,170	997	1,199
Not on temporary layoff.....	5,739	4,983	4,800	5,812	5,443	5,223	5,240	5,151	4,920
Permanent job losers.....	4,490	3,728	3,639	4,506	4,128	3,959	3,976	3,822	3,700
Persons who completed temporary jobs.....	1,249	1,255	1,161	1,307	1,315	1,264	1,264	1,329	1,220
Job leavers.....	879	882	981	936	956	986	864	944	1,030
Reentrants.....	3,556	3,459	3,600	3,243	3,340	3,176	3,151	3,333	3,291
New entrants.....	1,822	1,210	1,728	1,316	1,279	1,316	1,280	1,268	1,259
PERCENT DISTRIBUTION									
Job losers and persons who completed temporary jobs.....	52.5	50.9	48.5	56.4	53.9	53.6	54.8	52.6	52.3
On temporary layoff.....	9.0	6.8	9.3	10.4	8.9	9.4	10.0	8.5	10.2
Not on temporary layoff.....	43.5	44.1	39.2	46.1	45.0	44.2	44.8	44.1	42.1
Job leavers.....	6.7	7.8	8.0	7.4	7.9	8.4	7.4	8.1	8.8
Reentrants.....	27.0	30.6	29.4	25.7	27.6	26.9	26.9	28.5	28.1
New entrants.....	13.8	10.7	14.1	10.4	10.6	11.1	10.9	10.8	10.8
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE									
Job losers and persons who completed temporary jobs.....	4.4	3.7	3.8	4.6	4.2	4.1	4.1	3.9	3.9
Job leavers.....	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Reentrants.....	2.3	2.2	2.3	2.1	2.1	2.0	2.0	2.1	2.1
New entrants.....	1.2	0.8	1.1	0.8	0.8	0.8	0.8	0.8	0.8

NOTE: Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-12. Unemployed persons by duration of unemployment

(Numbers in thousands)

Duration	Not seasonally adjusted			Seasonally adjusted					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
NUMBER OF UNEMPLOYED									
Less than 5 weeks.....	3,627	2,710	3,569	2,825	2,667	2,464	2,474	2,706	2,692
5 to 14 weeks.....	2,546	2,141	2,592	2,826	2,782	2,838	2,848	2,669	2,864
15 weeks and over.....	7,010	6,451	6,086	7,149	6,493	6,348	6,320	6,306	6,225
15 to 26 weeks.....	1,793	2,084	1,841	1,813	1,895	1,737	1,967	1,950	1,896
27 weeks and over.....	5,217	4,366	4,245	5,336	4,797	4,611	4,353	4,357	4,328
Average (mean) duration, in weeks.....	38.2	38.6	34.1	39.7	36.9	37.1	36.5	36.9	35.6
Median duration, in weeks.....	17.4	18.8	14.3	19.4	17.8	18.1	17.5	17.3	16.3
PERCENT DISTRIBUTION									
Less than 5 weeks.....	27.5	24.0	29.1	22.1	22.3	21.1	21.3	23.2	22.9
5 to 14 weeks.....	19.3	18.9	21.2	22.1	23.3	24.4	24.5	22.8	24.3
15 weeks and over.....	53.2	57.1	49.7	55.8	54.4	54.5	54.3	54.0	52.8
15 to 26 weeks.....	13.6	18.4	15.0	14.2	14.2	14.9	16.9	16.7	16.1
27 weeks and over.....	39.6	38.6	34.7	41.7	40.2	39.6	37.4	37.3	36.7

NOTE: Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-13. Employed and unemployed persons by occupation, not seasonally adjusted

(Numbers in thousands)

Occupation	Employed		Unemployed		Unemployment rates	
	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013
Total, 16 years and over ¹	143,202	144,841	13,184	12,248	8.4	7.8
Management, professional, and related occupations.....	53,846	54,323	2,472	2,358	4.4	4.2
Management, business, and financial operations occupations.....	23,068	23,019	921	843	3.8	3.5
Professional and related occupations.....	30,778	31,304	1,551	1,515	4.8	4.6
Service occupations.....	26,476	26,769	2,634	2,732	9.0	9.3
Sales and office occupations.....	32,642	33,224	2,887	2,444	8.1	6.9
Sales and related occupations.....	15,322	15,765	1,397	1,124	8.4	6.7
Office and administrative support occupations.....	17,320	17,459	1,490	1,321	7.9	7.0
Natural resources, construction, and maintenance occupations.....	12,978	13,532	1,447	1,327	10.0	8.9
Farming, fishing, and forestry occupations.....	1,144	1,069	132	92	10.3	7.9
Construction and extraction occupations.....	7,020	7,480	1,046	937	13.0	11.1
Installation, maintenance, and repair occupations.....	4,815	4,983	269	298	5.3	5.6
Production, transportation, and material moving occupations.....	17,259	16,993	1,883	1,613	9.8	8.7
Production occupations.....	8,419	8,087	871	772	9.4	8.7
Transportation and material moving occupations.....	8,840	8,906	1,012	841	10.3	8.6

¹ Persons with no previous work experience and persons whose last job was in the U.S. Armed Forces are included in the unemployed total.

NOTE: Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-14. Unemployed persons by industry and class of worker, not seasonally adjusted

Industry and class of worker	Number of unemployed persons (in thousands)		Unemployment rates	
	June 2012	June 2013	June 2012	June 2013
Total, 16 years and over ¹	13,184	12,248	8.4	7.8
Nonagricultural private wage and salary workers.....	9,626	8,800	7.9	7.2
Mining, quarrying, and oil and gas extraction.....	52	70	4.8	6.4
Construction.....	1,039	825	12.8	9.8
Manufacturing.....	1,056	989	6.9	6.4
Durable goods.....	654	569	6.8	5.9
Nondurable goods.....	402	420	7.0	7.1
Wholesale and retail trade.....	1,709	1,415	8.3	7.0
Transportation and utilities.....	437	384	7.2	6.3
Information.....	201	164	7.1	5.6
Financial activities.....	510	441	5.6	4.7
Professional and business services.....	1,356	1,300	8.9	8.2
Education and health services.....	1,368	1,243	6.2	5.6
Leisure and hospitality.....	1,407	1,559	9.8	10.7
Other services.....	492	411	7.5	6.3
Agriculture and related private wage and salary workers.....	133	118	8.4	8.2
Government workers.....	1,079	1,086	5.2	5.2
Self-employed workers, unincorporated, and unpaid family workers.....	524	517	5.0	5.0

¹ Persons with no previous work experience and persons whose last job was in the U.S. Armed Forces are included in the unemployed total.

NOTE: Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-15. Alternative measures of labor underutilization

(Percent)

Measure	Not seasonally adjusted			Seasonally adjusted					
	June 2012	May 2013	June 2013	June 2012	Feb. 2013	Mar. 2013	Apr. 2013	May 2013	June 2013
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.....	4.5	4.1	3.9	4.6	4.2	4.1	4.1	4.1	4.0
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force.....	4.4	3.7	3.8	4.6	4.2	4.1	4.1	3.9	3.9
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate).....	8.4	7.3	7.8	8.2	7.7	7.6	7.5	7.6	7.6
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.....	8.9	7.7	8.4	8.7	8.3	8.1	8.0	8.0	8.2
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force.....	9.9	8.5	9.3	9.6	9.2	8.9	8.9	8.8	9.1
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.....	15.1	13.4	14.6	14.8	14.3	13.8	13.9	13.8	14.3

NOTE: Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. Updated population controls are introduced annually with the release of January data.

HOUSEHOLD DATA

Table A-16. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted

(Numbers in thousands)

Category	Total		Men		Women	
	June 2012	June 2013	June 2012	June 2013	June 2012	June 2013
NOT IN THE LABOR FORCE						
Total not in the labor force.....	86,770	88,463	33,909	34,654	52,862	53,809
Persons who currently want a job.....	7,157	7,152	3,212	3,243	3,945	3,909
Marginally attached to the labor force ¹	2,483	2,582	1,226	1,332	1,256	1,250
Discouraged workers ²	821	1,027	511	595	310	431
Other persons marginally attached to the labor force ³	1,662	1,555	716	737	946	818
MULTIPLE JOBHOLDERS						
Total multiple jobholders ⁴	6,707	6,990	3,293	3,640	3,414	3,350
Percent of total employed.....	4.7	4.8	4.3	4.7	5.1	5.0
Primary job full time, secondary job part time.....	3,489	3,727	1,898	2,197	1,590	1,530
Primary and secondary jobs both part time.....	1,812	1,808	640	679	1,173	1,128
Primary and secondary jobs both full time.....	259	246	163	135	96	111
Hours vary on primary or secondary job.....	1,114	1,156	579	603	535	554

1 Data refer to persons who want a job, have searched for work during the prior 12 months, and were available to take a job during the reference week, but had not looked for work in the past 4 weeks.

2 Includes those who did not actively look for work in the prior 4 weeks for reasons such as thinks no work available, could not find work, lacks schooling or training, employer thinks too young or old, and other types of discrimination.

3 Includes those who did not actively look for work in the prior 4 weeks for such reasons as school or family responsibilities, ill health, and transportation problems, as well as a number for whom reason for nonparticipation was not determined.

4 Includes a small number of persons who work part time on their primary job and full time on their secondary job(s), not shown separately.

NOTE: Updated population controls are introduced annually with the release of January data.

ESTABLISHMENT DATA

Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail
(in thousands)

Industry	Not seasonally adjusted				Seasonally adjusted				Change from May 2013 to June 2013 ^a
	June 2012	Apr. 2013	May 2013 ^b	June 2013 ^b	June 2012	Apr. 2013	May 2013 ^b	June 2013 ^b	
Total nonfarm.....	134,568	135,513	136,383	136,805	133,609	135,512	135,707	135,902	195
Total private.....	112,709	113,226	114,142	114,998	111,694	113,642	113,849	114,051	202
Goods-producing.....	18,700	18,420	18,665	18,929	18,410	18,635	18,635	18,643	8
Mining and logging.....	884	857	868	877	853	866	866	867	1
Logging.....	51.1	47.7	49.6	51.7	51.1	51.2	51.3	51.4	0.1
Mining.....	813.3	809.0	818.2	825.6	801.9	814.5	814.3	815.1	0.8
Oil and gas extraction.....	189.6	192.1	193.1	194.5	186.8	192.6	192.6	192.1	-0.7
Mining, except oil and gas ^c	228.5	220.6	226.4	229.8	221.6	223.6	222.3	223.4	1.1
Coal mining.....	88.1	84.1	85.7	86.7	87.2	84.3	85.1	85.9	0.8
Support activities for mining.....	395.2	396.3	398.7	401.3	393.5	398.3	399.2	399.6	0.4
Construction.....	5,820	5,648	5,837	6,003	5,622	5,792	5,799	5,812	13
Construction of buildings.....	1,261.5	1,230.4	1,260.0	1,291.0	1,232.8	1,263.0	1,261.5	1,262.3	0.8
Residential building.....	588.4	567.0	585.8	602.8	571.8	584.1	584.8	584.9	0.1
Nonresidential building.....	673.1	663.4	674.2	688.2	661.0	678.9	676.7	677.4	0.7
Heavy and civil engineering construction.....	910.3	857.1	913.7	944.3	862.0	886.7	892.7	898.3	5.6
Specialty trade contractors.....	3,648.3	3,560.4	3,662.9	3,767.2	3,527.6	3,642.3	3,644.6	3,651.8	7.2
Residential specialty trade contractors.....	1,529.1	1,502.9	1,557.1	1,610.1	1,470.5	1,539.4	1,542.5	1,547.6	5.1
Nonresidential specialty trade contractors.....	2,119.2	2,057.5	2,105.8	2,157.1	2,057.1	2,102.9	2,102.1	2,104.2	2.1
Manufacturing.....	12,016	11,915	11,960	12,049	11,935	11,977	11,970	11,964	-6
Durable goods.....	7,529	7,491	7,515	7,564	7,476	7,511	7,511	7,508	-3
Wood products.....	342.2	341.7	346.4	349.5	336.2	344.0	344.9	343.2	-1.7
Nonmetallic mineral products.....	371.3	363.6	371.8	374.9	362.2	366.4	367.1	365.6	-1.5
Primary metals.....	405.9	396.8	396.3	393.4	404.1	386.2	384.5	391.7	-2.8
Fabricated metal products.....	1,425.2	1,429.6	1,435.5	1,446.1	1,416.3	1,434.1	1,434.9	1,436.3	1.4
Machinery.....	1,110.3	1,104.4	1,101.5	1,107.3	1,102.9	1,105.7	1,101.7	1,101.3	-0.4
Computer and electronic products ^d	1,101.6	1,080.0	1,081.8	1,080.0	1,096.4	1,083.7	1,084.7	1,085.6	0.9
Computer and peripheral equipment.....	160.1	160.1	161.1	163.5	159.6	160.9	162.1	163.0	0.9
Communications equipment.....	109.8	107.2	107.1	107.1	109.2	107.6	107.3	106.7	-0.6
Semiconductors and electronic components.....	387.2	378.1	378.4	381.4	385.3	379.3	379.5	380.6	1.1
Electronic instruments.....	403.6	395.5	395.9	397.8	401.7	396.6	396.5	396.3	-0.2
Electrical equipment and appliances.....	373.2	363.9	364.3	364.0	371.4	365.1	365.0	361.7	-3.3
Transportation equipment ^e	1,463.2	1,485.3	1,487.7	1,502.2	1,455.9	1,485.9	1,488.7	1,494.3	5.6
Motor vehicles and parts ^f	781.1	797.8	802.5	812.3	776.1	796.5	801.3	806.4	5.1
Furniture and related products.....	352.2	351.3	353.5	357.9	349.5	352.4	352.1	352.7	0.6
Miscellaneous durable goods manufacturing.....	584.1	574.6	576.2	579.9	582.4	577.2	577.0	575.4	-1.6
Nondurable goods.....	4,487	4,424	4,445	4,485	4,459	4,466	4,459	4,456	-3
Food manufacturing.....	1,478.8	1,445.3	1,454.0	1,477.1	1,472.2	1,475.0	1,472.5	1,471.9	-0.6
Textile mills.....	118.8	114.6	114.9	116.9	117.9	114.8	114.8	115.6	0.8
Textile product mills.....	118.3	114.1	114.2	115.8	116.6	114.7	114.3	114.4	0.1
Apparel.....	148.7	142.9	143.7	143.5	147.9	142.7	142.5	141.8	-0.7
Paper and paper products.....	382.0	374.9	375.8	378.8	380.0	376.9	376.7	376.3	-0.4
Printing and related support activities.....	466.1	451.9	449.5	449.8	463.9	453.0	449.4	447.9	-1.5
Petroleum and coal products.....	114.1	113.8	115.3	116.6	111.6	114.6	113.9	114.2	0.3
Chemicals.....	785.9	793.5	795.2	798.6	782.7	794.5	795.0	794.5	-0.5
Plastics and rubber products.....	648.6	654.5	658.7	661.8	645.4	656.5	657.2	656.7	-0.5
Miscellaneous nondurable goods manufacturing.....	225.5	218.7	223.2	226.5	221.1	222.9	223.0	222.3	-0.7
Private service-providing.....	94,009	94,806	95,477	95,069	93,284	95,007	95,214	95,408	194
Trade, transportation, and utilities.....	25,530	25,619	25,819	25,973	25,467	25,838	25,868	25,913	45
Wholesale trade.....	5,716.1	5,722.6	5,758.1	5,800.2	5,675.6	5,740.9	5,749.2	5,760.5	11.3
Durable goods.....	2,850.5	2,846.8	2,859.5	2,880.6	2,833.1	2,857.6	2,860.0	2,864.7	4.7
Nondurable goods.....	1,991.9	1,991.3	2,009.4	2,020.9	1,972.6	1,996.3	1,999.9	2,004.2	4.3
Electronic markets and agents and brokers.....	873.7	884.5	889.2	898.7	869.9	887.0	889.3	891.6	2.3
Retail trade.....	14,836.5	14,906.9	15,031.3	15,144.0	14,835.8	15,071.9	15,098.8	15,135.9	37.1
Motor vehicle and parts dealers ^g	1,747.3	1,762.1	1,773.0	1,787.6	1,729.8	1,762.0	1,763.1	1,771.4	8.3
Automobile dealers.....	1,096.5	1,113.4	1,116.0	1,126.2	1,090.7	1,114.4	1,114.2	1,120.3	6.1
Furniture and home furnishings stores.....	432.5	445.9	445.8	445.5	440.2	452.0	452.3	451.0	-1.3

See footnotes at end of table.

ESTABLISHMENT DATA

Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail

— Continued

[In thousands]

Industry	Not seasonally adjusted				Seasonally adjusted				
	June 2012	Apr 2013	May 2013 ^a	June 2013 ^a	June 2012	Apr 2013	May 2013 ^a	June 2013 ^a	Change from May 2013 - June 2013 ^a
Retail trade - Continued									
Electronics and appliance stores	502.7	496.1	496.3	496.8	509.1	502.6	504.8	505.5	0.7
Building material and garden supply stores ..	1,228.4	1,221.7	1,254.0	1,249.7	1,169.4	1,179.9	1,181.4	1,189.9	8.5
Food and beverage stores	2,877.1	2,874.2	2,906.2	2,936.7	2,854.8	2,901.2	2,906.3	2,913.6	7.3
Health and personal care stores	994.9	1,025.0	1,024.8	1,025.2	996.0	1,030.3	1,027.5	1,024.5	-3.0
Gasoline stations	851.8	844.3	856.3	869.2	842.0	850.7	855.2	856.0	0.8
Clothing and clothing accessories stores	1,362.1	1,379.2	1,389.8	1,411.6	1,391.4	1,432.8	1,441.5	1,449.6	8.1
Sporting goods, hobby, book, and music stores	574.5	560.4	563.7	568.9	588.4	579.2	578.7	580.2	1.5
General merchandise stores ¹	3,032.9	3,070.1	3,077.1	3,093.7	3,074.5	3,122.6	3,128.3	3,128.2	-0.1
Department stores	1,453.8	1,456.6	1,453.2	1,458.1	1,492.9	1,494.7	1,494.6	1,494.7	0.1
Miscellaneous store retailers	800.1	795.3	810.1	822.0	795.4	811.4	812.7	817.8	5.1
Nonstore retailers	432.2	432.6	434.2	437.1	444.8	447.2	447.0	448.2	1.2
Transportation and warehousing	4,419.0	4,433.7	4,471.5	4,464.8	4,400.2	4,468.7	4,461.9	4,456.8	-5.1
Air transportation	484.8	448.2	448.4	450.7	460.7	447.2	447.2	446.4	-0.8
Rail transportation	232.0	231.5	232.2	232.2	230.7	231.2	231.2	231.4	0.2
Water transportation	63.9	62.2	62.9	63.8	62.6	63.3	62.6	62.5	-0.1
Truck transportation	1,368.0	1,368.9	1,385.7	1,395.0	1,349.4	1,385.6	1,383.2	1,379.7	-3.5
Transit and ground passenger transportation	432.2	485.1	487.0	457.3	437.4	470.1	468.6	462.9	-5.7
Pipeline transportation	44.1	44.1	45.3	45.9	44.0	44.5	45.3	45.5	0.2
Scenic and sightseeing transportation	34.1	23.6	28.2	32.2	27.4	26.1	26.2	25.8	-0.4
Support activities for transportation	580.6	583.1	584.0	588.4	578.2	584.2	584.0	587.2	3.2
Couriers and messengers	523.3	510.3	518.4	518.1	529.3	529.6	529.3	528.5	-0.8
Warehousing and storage	676.0	678.7	679.4	681.2	680.5	686.9	684.3	686.9	2.6
Utilities	558.5	555.7	558.4	563.5	555.3	556.9	558.0	559.3	1.3
Information	2,687	2,689	2,706	2,696	2,675	2,692	2,693	2,688	-5
Publishing industries, except Internet	737.9	727.6	725.6	727.1	737.9	729.7	728.7	727.2	-1.5
Motion picture and sound recording industries	381.6	388.6	407.9	390.3	371.5	389.6	390.9	384.4	-6.5
Broadcasting, except Internet	286.9	286.7	284.0	284.6	286.2	286.0	284.8	284.8	0.0
Telecommunications	855.6	855.1	854.5	857.8	857.0	856.0	856.7	857.4	0.7
Data processing, hosting and related services	251.1	252.1	253.3	253.5	250.0	250.7	250.9	252.7	1.8
Other information services	173.8	178.6	180.4	182.5	172.1	179.8	181.2	181.1	-0.1
Financial activities	7,833	7,843	7,874	7,947	7,788	7,873	7,879	7,896	17
Finance and insurance	5,842.8	5,878.5	5,881.4	5,918.4	5,830.6	5,892.6	5,894.1	5,908.7	12.6
Monetary authorities - central bank	17.1	16.6	16.7	16.9	17.1	16.8	16.8	16.9	0.1
Credit intermediation and related activities ¹	2,577.3	2,606.6	2,605.0	2,620.2	2,573.8	2,612.6	2,611.4	2,617.6	6.2
Depository credit intermediation ¹	1,739.8	1,734.0	1,731.9	1,740.6	1,736.7	1,737.9	1,736.0	1,737.1	1.1
Commercial banking	1,318.9	1,306.2	1,302.3	1,307.4	1,316.8	1,308.6	1,305.6	1,305.3	-0.3
Securities, commodity contracts, investments	817.5	826.4	826.8	833.7	815.4	828.3	830.2	829.2	-1.0
Insurance carriers and related activities	2,343.5	2,342.7	2,346.9	2,359.3	2,337.2	2,348.1	2,349.0	2,355.0	6.0
Funds, trusts, and other financial vehicles	97.4	96.2	96.0	98.3	87.1	96.8	96.7	98.0	1.3
Real estate and rental and leasing	1,990.4	1,984.8	1,992.3	2,028.2	1,957.0	1,979.9	1,984.8	1,989.7	4.9
Real estate	1,436.5	1,427.5	1,443.6	1,466.7	1,418.7	1,435.3	1,440.3	1,444.7	4.4
Rental and leasing services	529.7	514.5	525.9	538.0	514.0	521.6	521.3	521.5	0.2
Lessors of nonfinancial intangible assets	24.2	22.8	22.9	23.5	24.3	23.0	23.2	23.5	0.3
Professional and business services	18,062	18,389	18,491	18,641	17,913	18,419	18,484	18,537	53
Professional and technical services ¹	7,862.8	8,159.1	8,052.3	8,081.6	7,884.6	8,085.8	8,101.5	8,111.3	9.8
Legal services	1,133.7	1,125.8	1,125.5	1,134.4	1,121.9	1,129.0	1,126.1	1,122.9	-3.2
Accounting and bookkeeping services	849.4	1,039.9	896.6	873.0	910.9	936.0	937.9	935.5	-1.4
Architectural and engineering services	1,336.8	1,336.9	1,352.1	1,367.9	1,321.9	1,347.8	1,353.1	1,356.1	3.0
Computer systems design and related services	1,615.9	1,676.7	1,683.9	1,689.9	1,617.7	1,680.9	1,687.0	1,694.3	7.3
Management and technical consulting services	1,121.2	1,169.8	1,177.4	1,190.1	1,119.4	1,175.1	1,179.0	1,187.4	8.4
Management of companies and enterprises	2,020.5	2,024.8	2,037.7	2,058.3	2,008.1	2,035.9	2,041.3	2,046.0	4.7
Administrative and waste services	8,178.6	8,205.3	8,400.6	8,501.3	8,020.5	8,297.2	8,341.2	8,379.7	38.5

See footnotes at end of table.

ESTABLISHMENT DATA

Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail

— Continued
(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted				Change from May 2013 to June 2013 ^p
	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	
Administrative and waste services - Continued									
Administrative and support services ¹	7,798.6	7,831.9	8,021.5	8,114.7	7,646.8	7,919.5	7,962.5	7,998.4	35.9
Employment services ¹	3,180.1	3,246.2	3,331.5	3,370.1	3,143.2	3,318.7	3,344.7	3,363.3	18.6
Temporary help services	2,538.0	2,587.7	2,664.2	2,689.2	2,514.3	2,648.6	2,672.2	2,681.7	9.5
Business support services	813.9	838.2	838.0	833.6	826.2	841.5	845.8	846.3	0.5
Services to buildings and dwellings	1,941.7	1,860.4	1,948.5	1,993.0	1,826.6	1,863.0	1,870.5	1,881.3	10.8
Waste management and remediation services	380.0	373.4	379.1	386.6	373.7	377.7	378.7	381.3	2.6
Education and health services	20,088	20,810	20,710	20,448	20,296	20,626	20,649	20,662	13
Educational services	3,134.6	3,527.8	3,410.9	3,150.5	3,348.0	3,368.9	3,369.0	3,358.4	-10.6
Health care and social assistance	16,953.6	17,281.7	17,299.2	17,297.2	16,947.8	17,266.9	17,279.6	17,303.1	23.5
Health care ²	14,304.1	14,522.2	14,537.1	14,579.9	14,284.2	14,537.3	14,548.3	14,568.1	19.8
Ambulatory health care services ³	6,310.5	6,482.7	6,500.0	6,518.6	6,308.0	6,486.7	6,501.5	6,514.1	12.6
Offices of physicians	2,389.4	2,423.6	2,426.5	2,430.5	2,389.9	2,430.2	2,433.1	2,433.3	0.2
Outpatient care centers	650.4	682.2	686.5	689.3	650.2	681.5	685.4	688.6	3.2
Home health care services	1,194.3	1,269.4	1,276.9	1,283.0	1,194.7	1,267.4	1,274.7	1,281.5	6.8
Hospitals	4,788.8	4,831.3	4,821.4	4,833.8	4,782.2	4,838.1	4,830.2	4,834.7	4.5
Nursing and residential care facilities ³	3,204.8	3,208.2	3,215.7	3,227.5	3,194.0	3,212.5	3,216.6	3,219.3	2.7
Nursing care facilities	1,670.4	1,660.1	1,660.6	1,663.8	1,665.5	1,662.7	1,660.8	1,660.2	-0.6
Social assistance ³	2,849.5	2,759.5	2,762.1	2,717.3	2,663.6	2,729.8	2,731.3	2,735.0	3.7
Child day care services	829.2	881.5	890.6	830.8	851.6	857.6	854.8	854.4	-0.4
Leisure and hospitality	14,311	13,990	14,370	14,816	13,716	14,086	14,155	14,230	75
Arts, entertainment, and recreation	2,211.1	1,961.3	2,095.8	2,301.0	1,958.5	2,011.1	2,028.9	2,046.3	17.4
Performing arts and spectator sports	419.2	442.2	447.9	451.0	399.7	430.5	427.6	428.7	1.1
Museums, historical sites, and similar institutions	148.5	135.4	141.8	145.5	135.1	137.5	136.5	133.9	-2.6
Amusements, gambling, and recreation	1,643.4	1,383.7	1,506.1	1,704.5	1,423.7	1,443.1	1,464.8	1,483.7	18.9
Accommodation and food services	12,099.8	12,028.2	12,273.7	12,514.7	11,757.5	12,075.0	12,126.4	12,183.8	57.4
Accommodation	1,916.8	1,785.8	1,837.6	1,939.1	1,818.6	1,834.8	1,838.3	1,844.0	5.7
Food services and drinking places	10,183.0	10,242.4	10,436.1	10,575.6	9,938.9	10,240.2	10,288.1	10,339.8	51.7
Other services	5,498	5,466	5,507	5,548	5,429	5,473	5,486	5,482	-4
Repair and maintenance	1,199.3	1,200.8	1,207.0	1,202.9	1,186.6	1,197.5	1,200.9	1,194.6	-6.3
Personal and laundry services	1,325.0	1,331.5	1,347.2	1,354.1	1,308.6	1,329.5	1,333.6	1,337.0	3.4
Membership associations and organizations	2,973.8	2,933.2	2,952.7	2,990.5	2,933.9	2,945.9	2,951.8	2,950.0	-1.8
Government	21,847	22,287	22,241	21,807	21,915	21,870	21,858	21,851	-7
Federal	2,833.0	2,777.0	2,757.0	2,766.0	2,818.0	2,775.0	2,758.0	2,753.0	-5.0
Federal, except U.S. Postal Service	2,222.6	2,169.0	2,168.3	2,177.1	2,205.3	2,174.0	2,165.7	2,160.7	-5.0
U.S. Postal Service	610.6	607.9	589.0	589.1	613.0	600.5	592.5	592.4	-0.1
State government	4,820.0	5,202.0	5,066.0	4,786.0	5,050.0	5,043.0	5,032.0	5,017.0	-15.0
State government education	2,128.2	2,549.0	2,406.0	2,118.9	2,380.2	2,390.7	2,382.1	2,373.1	-9.0
State government, excluding education	2,692.2	2,652.9	2,660.0	2,666.8	2,669.7	2,652.3	2,649.5	2,643.7	-5.8
Local government	14,194.0	14,308.0	14,418.0	14,255.0	14,047.0	14,052.0	14,068.0	14,081.0	13.0
Local government education	7,738.0	8,110.6	8,140.6	7,776.6	7,764.6	7,768.9	7,775.3	7,773.9	-1.4
Local government, excluding education	6,455.7	6,197.7	6,277.4	6,478.6	6,281.9	6,283.3	6,292.2	6,307.2	15.0

¹ Includes other industries, not shown separately.² Includes motor vehicles, motor vehicle bodies and trailers, and motor vehicle parts.³ Includes ambulatory health care services, hospitals, and nursing and residential care facilities.^p Preliminary

ESTABLISHMENT DATA

Table B-2. Average weekly hours and overtime of all employees on private nonfarm payrolls by industry sector, seasonally adjusted

Industry	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
AVERAGE WEEKLY HOURS				
Total private.....	34.4	34.5	34.5	34.5
Goods-producing.....	40.1	40.3	40.4	40.5
Mining and logging.....	44.0	43.2	43.8	44.4
Construction.....	38.5	39.0	39.2	39.0
Manufacturing.....	40.6	40.7	40.8	40.9
Durable goods.....	41.0	41.1	41.1	41.2
Nondurable goods.....	40.1	40.0	40.3	40.4
Private service-providing.....	33.3	33.3	33.4	33.4
Trade, transportation, and utilities.....	34.6	34.5	34.6	34.5
Wholesale trade.....	38.7	38.7	38.7	38.8
Retail trade.....	31.6	31.4	31.5	31.4
Transportation and warehousing.....	38.3	38.6	38.6	38.5
Utilities.....	41.6	42.2	42.3	42.6
Information.....	36.6	36.6	36.6	37.0
Financial activities.....	37.1	37.2	37.3	37.4
Professional and business services.....	35.9	36.0	36.1	36.1
Education and health services.....	32.9	32.9	32.9	33.0
Leisure and hospitality.....	26.1	26.1	26.1	26.1
Other services.....	31.6	31.6	31.7	31.5
AVERAGE OVERTIME HOURS				
Manufacturing.....	3.2	3.4	3.3	3.3
Durable goods.....	3.2	3.4	3.3	3.3
Nondurable goods.....	3.2	3.5	3.4	3.4

p Preliminary

ESTABLISHMENT DATA

Table B-3. Average hourly and weekly earnings of all employees on private nonfarm payrolls by industry sector, seasonally adjusted

Industry	Average hourly earnings				Average weekly earnings			
	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
Total private.....	\$23.50	\$23.89	\$23.91	\$24.01	\$ 808.40	\$ 824.21	\$ 824.90	\$ 828.35
Goods-producing.....	24.69	25.02	25.09	25.22	990.07	1,008.31	1,013.64	1,021.41
Mining and logging.....	28.70	29.06	29.53	29.81	1,262.80	1,255.39	1,293.41	1,323.58
Construction.....	25.74	26.08	26.09	26.17	990.99	1,017.12	1,022.73	1,020.63
Manufacturing.....	23.92	24.21	24.29	24.41	971.15	985.35	991.03	998.37
Durable goods.....	25.28	25.62	25.72	25.85	1,036.48	1,052.98	1,057.09	1,065.02
Nondurable goods.....	21.58	21.79	21.83	21.94	865.36	871.60	879.75	886.38
Private service-providing.....	23.21	23.62	23.63	23.73	772.89	786.55	789.24	792.58
Trade, transportation, and utilities.....	20.50	20.89	20.89	20.97	709.30	720.71	722.79	723.47
Wholesale trade.....	26.82	27.62	27.59	27.74	1,037.93	1,068.89	1,067.73	1,076.31
Retail trade.....	16.33	16.59	16.58	16.64	516.03	520.93	522.27	522.50
Transportation and warehousing.....	21.99	22.13	22.17	22.19	842.22	854.22	855.76	854.32
Utilities.....	33.99	34.74	35.26	35.18	1,413.98	1,466.03	1,491.50	1,498.67
Information.....	31.78	32.78	32.64	32.94	1,163.15	1,199.75	1,194.62	1,218.78
Financial activities.....	29.12	30.10	30.08	30.28	1,080.35	1,119.72	1,121.98	1,132.47
Professional and business services.....	28.05	28.44	28.44	28.53	1,007.00	1,023.84	1,026.68	1,029.93
Education and health services.....	24.21	24.52	24.55	24.65	796.51	806.71	807.70	813.45
Leisure and hospitality.....	13.38	13.43	13.44	13.46	349.22	350.52	350.78	351.31
Other services.....	20.78	21.15	21.22	21.29	656.65	668.34	672.67	670.64

p Preliminary

ESTABLISHMENT DATA

Table B-4. Indexes of aggregate weekly hours and payrolls for all employees on private nonfarm payrolls by industry sector, seasonally adjusted
 [2007=100]

Industry	Index of aggregate weekly hours ¹					Index of aggregate weekly payrolls ²				
	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	Percent change from: May 2013 - June 2013 ^p	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	Percent change from: May 2013 - June 2013 ^p
Total private.....	96.2	98.2	98.4	98.6	0.2	107.9	111.9	112.2	112.9	0.6
Goods-producing.....	84.1	85.6	85.8	86.0	0.2	93.9	96.8	97.3	98.1	0.8
Mining and logging.....	117.9	117.6	119.2	121.0	1.5	135.9	137.2	141.3	144.8	2.5
Construction.....	74.6	77.9	78.4	78.1	-0.4	83.4	88.2	88.6	88.8	0.0
Manufacturing.....	87.2	87.7	87.9	88.0	0.1	97.0	98.7	99.2	99.9	0.7
Durable goods.....	86.3	86.9	86.9	87.1	0.2	96.9	98.9	99.3	100.0	0.7
Nondurable goods.....	89.2	89.1	89.7	89.8	0.1	97.7	98.6	99.3	100.0	0.7
Private service-providing.....	99.7	101.6	102.1	102.3	0.2	112.1	116.2	116.8	117.6	0.7
Trade, transportation, and utilities.....	95.8	96.9	97.3	97.2	-0.1	105.7	109.0	109.4	109.7	0.3
Wholesale trade.....	95.8	96.9	97.1	97.5	0.4	107.3	111.7	111.8	112.9	1.0
Retail trade.....	95.2	96.1	96.6	96.5	-0.1	102.8	105.4	105.9	106.2	0.3
Transportation and warehousing.....	96.5	98.7	98.6	98.2	-0.4	107.6	110.9	110.9	110.6	-0.3
Utilities.....	99.9	101.7	102.1	103.1	1.0	112.2	116.7	119.0	119.8	0.7
Information.....	89.4	90.0	90.0	90.8	0.9	101.2	105.0	104.6	106.5	1.8
Financial activities.....	94.6	95.9	96.2	96.7	0.5	107.5	112.6	112.9	114.2	1.2
Professional and business services.....	101.1	104.3	104.9	105.2	0.3	114.9	120.2	120.9	121.7	0.7
Education and health services.....	108.7	110.5	110.6	111.0	0.4	123.3	126.9	127.2	128.2	0.8
Leisure and hospitality.....	102.1	104.9	105.4	106.0	0.6	110.3	113.7	114.3	115.1	0.7
Other services.....	95.1	95.8	96.4	95.7	-0.7	112.1	115.0	116.0	115.6	-0.3

¹ The indexes of aggregate weekly hours are calculated by dividing the current month's estimates of aggregate hours by the corresponding 2007 annual average aggregate hours. Aggregate hours estimates are the product of estimates of average weekly hours and employment.

² The indexes of aggregate weekly payrolls are calculated by dividing the current month's estimates of aggregate weekly payrolls by the corresponding 2007 annual average aggregate weekly payrolls. Aggregate payroll estimates are the product of estimates of average hourly earnings, average weekly hours, and employment.

p Preliminary

ESTABLISHMENT DATA

Table B-5. Employment of women on nonfarm payrolls by industry sector, seasonally adjusted

Industry	Women employees (in thousands)				Percent of all employees			
	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
Total nonfarm.....	65,943	66,882	66,980	67,093	49.4	49.4	49.4	49.4
Total private.....	53,476	54,402	54,507	54,623	47.9	47.9	47.9	47.9
Goods-producing.....	4,098	4,104	4,106	4,102	22.3	22.0	22.0	22.0
Mining and logging.....	113	118	118	116	13.2	13.6	13.6	13.4
Construction.....	722	739	742	744	12.8	12.8	12.8	12.8
Manufacturing.....	3,263	3,247	3,246	3,242	27.3	27.1	27.1	27.1
Durable goods.....	1,733	1,733	1,733	1,730	23.2	23.1	23.1	23.0
Nondurable goods.....	1,530	1,514	1,513	1,512	34.3	33.9	33.9	33.9
Private service-providing.....	49,378	50,298	50,401	50,521	52.9	52.9	52.9	53.0
Trade, transportation, and utilities.....	10,259	10,484	10,503	10,528	40.3	40.6	40.6	40.6
Wholesale trade.....	1,709.8	1,703.6	1,705.0	1,707.1	30.1	29.7	29.7	29.6
Retail trade.....	7,394.2	7,597.3	7,612.3	7,634.4	49.8	50.4	50.4	50.4
Transportation and warehousing.....	1,017.1	1,045.4	1,047.7	1,048.1	23.1	23.4	23.5	23.5
Utilities.....	138.0	137.6	138.3	138.2	24.9	24.7	24.8	24.7
Information.....	1,080	1,067	1,070	1,066	40.4	39.6	39.7	39.7
Financial activities.....	4,523	4,545	4,542	4,545	58.1	57.7	57.6	57.6
Professional and business services.....	7,924	8,173	8,212	8,244	44.2	44.4	44.4	44.5
Education and health services.....	15,565	15,827	15,841	15,859	76.7	76.7	76.7	76.8
Leisure and hospitality.....	7,175	7,328	7,354	7,398	52.3	52.0	52.0	52.0
Other services.....	2,852	2,874	2,879	2,881	52.5	52.5	52.5	52.6
Government.....	12,467	12,480	12,473	12,470	56.9	57.1	57.1	57.1

p Preliminary

ESTABLISHMENT DATA

Table B-6. Employment of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted¹
(In thousands)

Industry	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
Total private.....	92,273	93,836	94,000	94,170
Goods-producing.....	13,272	13,408	13,392	13,380
Mining and logging.....	647	639	636	633
Construction.....	4,217	4,376	4,379	4,387
Manufacturing.....	8,408	8,393	8,377	8,360
Durable goods.....	5,156	5,156	5,150	5,137
Nondurable goods.....	3,252	3,237	3,227	3,223
Private service-providing.....	79,001	80,428	80,608	80,790
Trade, transportation, and utilities.....	21,611	21,857	21,877	21,913
Wholesale trade.....	4,565.8	4,622.8	4,631.2	4,640.5
Retail trade.....	12,796.0	12,927.1	12,943.1	12,971.4
Transportation and warehousing.....	3,807.0	3,857.9	3,852.6	3,850.1
Utilities.....	442.1	448.8	450.0	450.7
Information.....	2,163	2,182	2,184	2,178
Financial activities.....	5,990	6,063	6,062	6,076
Professional and business services.....	14,789	15,235	15,300	15,349
Education and health services.....	17,803	18,080	18,101	18,117
Leisure and hospitality.....	12,104	12,440	12,507	12,579
Other services.....	4,541	4,571	4,577	4,578

¹ Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.

^p Preliminary

ESTABLISHMENT DATA

Table B-7. Average weekly hours and overtime of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted¹

Industry	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
AVERAGE WEEKLY HOURS				
Total private.....	33.7	33.7	33.7	33.7
Goods-producing.....	41.1	41.3	41.3	41.2
Mining and logging.....	46.6	45.5	45.9	45.8
Construction.....	39.1	39.7	39.7	39.5
Manufacturing.....	41.6	41.8	41.8	41.8
Durable goods.....	42.1	42.1	42.1	42.1
Nondurable goods.....	40.9	41.2	41.3	41.3
Private service-providing.....	32.5	32.4	32.5	32.5
Trade, transportation, and utilities.....	33.8	33.6	33.8	33.7
Wholesale trade.....	38.7	38.6	38.8	38.8
Retail trade.....	30.5	30.0	30.3	30.1
Transportation and warehousing.....	38.0	38.6	38.5	38.5
Utilities.....	41.0	41.9	42.1	42.1
Information.....	36.0	35.8	35.8	36.1
Financial activities.....	36.6	36.7	36.7	36.9
Professional and business services.....	35.2	35.3	35.3	35.3
Education and health services.....	32.4	32.3	32.3	32.3
Leisure and hospitality.....	25.0	25.0	25.0	25.1
Other services.....	30.6	30.7	30.7	30.8
AVERAGE OVERTIME HOURS				
Manufacturing.....	4.2	4.3	4.2	4.3
Durable goods.....	4.4	4.3	4.2	4.3
Nondurable goods.....	3.9	4.3	4.3	4.3

¹ Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.

^p Preliminary

ESTABLISHMENT DATA

Table B-8. Average hourly and weekly earnings of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted¹

Industry	Average hourly earnings				Average weekly earnings			
	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p
Total private.....	\$19.75	\$20.07	\$20.09	\$20.14	\$ 665.58	\$ 676.36	\$ 677.03	\$ 678.72
Goods-producing.....	20.93	21.21	21.25	21.25	860.22	875.97	877.63	875.50
Mining and logging.....	25.81	26.65	27.16	27.06	1,202.75	1,212.58	1,246.64	1,239.35
Construction.....	23.95	24.29	24.28	24.27	936.45	964.31	963.92	958.67
Manufacturing.....	19.08	19.23	19.25	19.26	793.73	803.81	804.65	805.07
Durable goods.....	20.19	20.26	20.30	20.34	850.00	852.95	854.63	856.31
Nondurable goods.....	17.28	17.54	17.55	17.52	706.75	722.65	724.82	723.58
Private service-providing.....	19.50	19.83	19.84	19.91	633.75	642.49	644.80	647.08
Trade, transportation, and utilities.....	17.47	17.62	17.62	17.69	590.49	592.03	595.56	596.15
Wholesale trade.....	22.22	22.49	22.59	22.64	859.91	868.11	876.49	878.43
Retail trade.....	13.88	13.92	13.90	13.96	423.34	417.60	421.17	420.20
Transportation and warehousing.....	19.59	19.58	19.62	19.65	744.42	755.79	755.37	756.53
Utilities.....	31.63	32.04	31.99	32.12	1,296.83	1,342.48	1,346.78	1,352.25
Information.....	26.85	27.84	27.63	27.87	966.60	996.67	989.15	1,006.11
Financial activities.....	22.75	23.81	23.90	23.98	832.65	873.83	877.13	884.86
Professional and business services.....	23.19	23.59	23.61	23.71	816.29	832.73	833.43	836.96
Education and health services.....	21.10	21.35	21.38	21.44	683.64	689.61	690.57	692.51
Leisure and hospitality.....	11.63	11.74	11.75	11.75	290.75	293.50	293.75	294.93
Other services.....	17.57	17.83	17.83	17.87	537.64	547.38	547.38	550.40

¹ Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.

^p Preliminary

ESTABLISHMENT DATA

Table B-9. Indexes of aggregate weekly hours and payrolls for production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted¹
 [2002=100]

Industry	Index of aggregate weekly hours ²					Index of aggregate weekly payrolls ³				
	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	Percent change from: May 2013 - June 2013 ^p	June 2012	Apr. 2013	May 2013 ^p	June 2013 ^p	Percent change from: May 2013 - June 2013 ^p
Total private.....	103.8	105.5	105.7	105.9	0.2	136.9	141.5	141.9	142.5	0.4
Goods-producing.....	83.4	84.6	84.5	84.2	-0.4	106.8	109.9	110.0	109.6	-0.4
Mining and logging.....	160.2	154.5	155.1	154.1	-0.6	240.5	239.5	245.0	242.5	-1.0
Construction.....	82.6	87.0	87.0	86.8	-0.2	106.8	114.1	114.1	113.7	-0.4
Manufacturing.....	80.3	80.5	80.4	80.2	-0.2	100.2	101.3	101.2	101.0	-0.2
Durable goods.....	81.6	81.6	81.5	81.3	-0.2	102.6	103.2	103.2	103.2	0.0
Nondurable goods.....	78.4	78.6	78.5	78.4	-0.1	95.7	97.4	97.4	97.1	-0.3
Private service-providing.....	109.6	111.2	111.8	112.1	0.3	146.4	151.1	152.0	152.9	0.6
Trade, transportation, and utilities.....	101.8	102.4	103.1	102.9	-0.2	126.9	128.7	129.6	129.9	0.2
Wholesale trade.....	104.1	105.1	105.8	106.0	0.2	136.2	139.2	140.8	141.4	0.4
Retail trade.....	98.8	98.2	99.3	98.8	-0.5	117.5	117.1	118.3	118.2	-0.1
Transportation and warehousing.....	108.9	112.1	111.7	111.6	-0.1	135.3	139.2	139.0	139.1	0.1
Utilities.....	92.7	96.2	96.9	97.0	0.1	122.4	128.6	129.4	130.1	0.5
Information.....	88.9	89.2	89.2	89.7	0.6	118.1	122.9	122.1	123.8	1.4
Financial activities.....	103.2	104.7	104.7	105.5	0.8	144.5	153.4	154.0	155.7	1.1
Professional and business services.....	116.7	120.5	121.0	121.4	0.3	161.0	169.2	170.1	171.3	0.7
Education and health services.....	124.4	126.0	126.1	126.2	0.1	172.6	176.8	177.3	177.9	0.3
Leisure and hospitality.....	110.8	113.9	114.5	115.7	1.0	146.4	151.9	152.8	154.3	1.0
Other services.....	97.5	98.4	98.5	98.9	0.4	124.8	127.9	128.0	128.8	0.6

¹ Data relate to production employees in mining and logging and manufacturing, construction employees in construction, and nonsupervisory employees in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.

² The indexes of aggregate weekly hours are calculated by dividing the current month's estimates of aggregate hours by the corresponding 2002 annual average aggregate hours. Aggregate hours estimates are the product of estimates of average weekly hours and employment.

³ The indexes of aggregate weekly payrolls are calculated by dividing the current month's estimates of aggregate weekly payrolls by the corresponding 2002 annual average aggregate weekly payrolls. Aggregate payroll estimates are the product of estimates of average hourly earnings, average weekly hours, and employment.

^p Preliminary

Chairman ROE. Without objection.

Mr. COURTNEY. And lastly, again, Towers Watson which is a highly respected health care management firm, again, surveyed people back in June, showed 98 percent—they have not and are not considering asking current full-time employees to change to part-time status.

This is before the President's decision; 95 percent have not and are not considering making greater use of contract workers; 89 percent have not or are not considering discontinuing employer-sponsored health coverage for some or all active full-time employees.

So, you know, look at, folks, this bill is—the horse is out of the barn. You know, the House passed the bill. Again, it is a nullity. It has no effect legally. Congressional Budget Office says it has no budget impact.

The Senate frankly should focus its time on much better issues such as sequestration which again, 690,000 DOD civilian employees lost 20 percent, will lose 20 percent of their paycheck for the next 11 weeks.

In my community of Groton, Connecticut, with 8,000 sailors and thousands of—that is what is hurting small business today is having 690,000 federal employees lose 20 percent of their paycheck for the next 11 weeks.

That is hurting people's ability to go out and buy hamburgers or clothing or gas, or rent, not, you know, again, an issue that has been taken off the table for a full year.

That should be the focus of this Congress. I hope in the future that this economy—that this Committee is going to focus on real issues that are actually inhibiting growth in the economy and not talking about, again, a bill that has already passed last week.

Our process deserves better and the people of this country deserve better.

And I yield back.

Chairman ROE. I thank the gentleman for yielding.

Mr. Walberg?

Mr. WALBERG. I thank the chairman for holding this hearing, and it would have been nice to have had it at a reasonable time before action was taken in a blog by the President.

It is a discussion that we ought to have. This has certainly given us the opportunity to have that discussion. It ought to go on.

Churchill, having Hillsdale College in my district, and a Churchill aficionado as the president of that school, I am reminded of a statement that I think applies very well here, Mr. Chairman.

Churchill said that some people regard private enterprise as a predatory tiger that needs to be shot. Others view it as a cow that needs to be milked. Too few people see free enterprise as a healthy horse pulling a sturdy wagon.

I want to say thank you to Dr. Holtz-Eakin, Ms. Turner, and Mr. Richardson for defending that truth of what private enterprise is about; a healthy horse pulling a sturdy wagon that benefits all, that provides jobs, that provides opportunity.

Thank you for giving us real world experience and discussion opportunities that we all should have had a long time ago.

Mr. Pollack, thank you for giving statistics and the other side of the story, but I must admit that the sky is falling argument doesn't

cut it. If it were just that, it would mean nothing to us, but rather it is the fact that the foundations of this great country of liberty and opportunity with personal responsibility are being bombarded and cracked, in certain cases at the point of falling in destruction.

This is the discussion that should have taken place in 2009. It was not allowed. Under the cover of darkness this mandate was put through as well as the rest of the health care law and liberties were bombarded, and I don't care what you can say about statistics and numbers, it is real live people that we ought to be concerned with.

I mentioned earlier—and why don't we let them speak again as opposed to just a chairman speaking, give them voice.

When a Democrat Senator, Mr. Chairman, says, "This is a train wreck," when the United Union of Roofers, Waterproofers, and Allied Workers call for repeal or complete reform, when the International Brotherhood of Electrical Workers and National Electrical Contractors Association wrote just recently to our chairman, "We cannot afford to sit on the sidelines as this law imposes increased benefit cost fees and new taxes on our plans. In addition, the health care law exempts all employers with less than 50 employees from offering health care coverage. This creates a vast competitive disadvantage for the 4500 contractors nationwide that responsibly provide coverage for their employees." And then finally, the International Brotherhood of Teamsters, United Food and Commercial Workers, and UNITE-HERE say this, "It will shatter not only our hard earned health benefits but destroy the foundation of the 40-hour work week that is the backbone of the American middle class"—middle-class—that we are so concerned about, as we ought to be.

And then they said, "We can no longer stand silent in the face of elements of the Affordable Care Act that will destroy the very health and well-being of our members along with millions of others hard-working Americans."

Those aren't statistics, Mr. Chairman. Those are lives. Those are people that are being impacted and we ought to have this debate before, after, during whatever goes on.

And isn't it true that in our civics classes we were told that not only laws can be implemented, but they can be repealed, and that takes a discussion.

More importantly, it involves people like a 59-year-old single mother who called my office 4 weeks ago in tears and said to my staff, "This morning I was told by my employer, a home health care provider in Albion, Michigan that I am being cut from my 38 hours to 28 hours because of Obamacare."

She says that, "When I have 38 hours as a home health care provider," a tough job, "I also worked at a restaurant on the weekends to make the additional so I could pay my mortgage. I am 59 years old. I will probably keep my waitress job for the few hours on the weekend, but where am I going to get the rest of the resources to pay my mortgage? And then, how am I going to buy my own health care?"

That is reality, Mr. Chairman. I applaud you for holding this hearing today. I applaud you for putting a panel together that

brought reality across the board and why this discussion, why this debate needs to continue.

And I yield back.

Chairman ROE. I thank the gentleman for yielding.

And I will close by saying thank you all for being here. It has been a great discussion. You know, I have never seen a Republican or a Democrat heart attack in my life. I have never operated on a Republican or Democrat cancer in my life. It is just people who have these problems and we should have gotten together as a people in a bipartisan way.

And the only thing bipartisan about the Affordable Care Act was the vote to not accept it. That was bipartisan. In our state, we had half the people who had private health insurance and then dropped it to get on the public system. What happened in 10 years was our cost tripled.

And what happened was a democratic governor at that time, cut the roles. That was a very painful going through that. I remember that very well and also reduced the benefits because we have to have a balanced budget. We can't run a budget that runs with these huge deficits.

And Dr. Holtz-Eakin, I can absolutely assure you what will happen is with these very rich subsidies, employees and employers will figure out to drop those, and as Mr. Walberg, I have had a very similar experience where a server at home at a restaurant had her hours cut from full-time to 29 hours. This is a divorced woman in her 50s who had to make her own way.

Now misses 8 hours; she will miss an entire week's worth a month, and she did have an insurance policy. Now she doesn't. And you are seeing that over and over and over across the country. Go out and talk to people. It is real out there, and I know that if you don't believe that—I don't know what all these hearings I have held—I have held three of them around the country—I have heard the same thing now for 2 years everywhere I go.

It does not affect as much the large group and the biggest problem as Ms. Turner pointed out in health insurance in this country is the cost of it. If we could bring the cost down then you would have a much more—you would have many more people that would have health insurance.

And it is a huge challenge now and one of the reasons the costs are so high is the regulatory burden. There is no question about that. I looked at the cost that added to my practice that added no value to the patients whatsoever, none, just more boxes for me to check, and if I didn't check enough boxes, I didn't get paid.

So we do need to simplify this. It is a huge issue, and I agree with Mr. Polis, and I applaud the President for delaying this. I would applaud him for delaying the mandate for individuals.

I would applaud him to overturn this entire bill and start over again with something that is patient-centered, where doctors and patients make those decisions, and get the insurance companies out of making those decisions and certainly get the federal government out of making those decisions. Put the people in charge of that back in charge.

You know, it is an amazingly complex. I don't argue with anybody who wanted to increase the coverage. And Mr. Richardson,

you have clearly pointed out as you have proudly so that your company has offered health insurance coverage for almost 80 years to your employees.

In our practice, even before I began, over 50 years we have offered coverage. I don't know how much longer you are going to be able to do that and afford to do that. And that is one of the frustrations because we want to do that, and it is the right thing to do, to do that to help your employees.

I thank all of the members for being here, and I certainly thank all the witnesses.

And with no further comments, the meeting is adjourned.

[The statement of Hon. Fudge follows:]



Representative Marcia L. Fudge
 Joint Hearing on *The Employer Mandate: Examining the Delay and Its
 Effect on Workplaces*
 Ed and the Workforce - Workforce Protections and HELP
 Subcommittees
 July 23, 2013 at 10:00am

Statement for the Record

Before I begin with my line of questions, I would like to point out that there are other issues Congress could be focusing on right now including immigration reform, the assault on poor people and minorities, and a comprehensive Farm Bill that does not separate feeding programs from farming. Instead, last week we took the 38th vote on legislation designed to dismantle the Affordable Care Act, and today we are holding a hearing on the very subject of that 38th vote, delaying the employer mandate.

In the last two weeks, the Ways and Means Committee has held two hearings on this issue while the Energy & Commerce Committee held one.

Three years ago Republicans vowed to “repeal and replace” the Affordable Care Act, and while there have been several attempts to repeal this law, I have yet to see one alternative proposed by my colleagues that replaces the system. The Affordable Care Act is the law of the land, and these endless votes and hearings are a waste of time.

[Questions submitted for the record and their responses follow:]



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March 19, 2014

Mr. Ron Pollack
Executive Director
Families USA
1201 New York Avenue Northwest
Suite 1100
Washington, DC 20005

Dear Mr. Pollack:

Thank you for testifying at the July 23, 2013 joint Subcommittee on Health, Employment, Labor and Pensions and the Subcommittee on Workforce Protections hearing entitled, "The Employer Mandate: Examining the Delay and Its Effect on Workplaces." We appreciate your participation.

Enclosed are additional questions submitted by committee members following the hearing. Please provide written responses no later than April 09, 2014, for inclusion in the official hearing record. Responses should be sent to Benjamin Hoog of the committee staff, who can be contacted at (202) 225-4527.

Thank you again for your contribution to the work of the committee.

Sincerely,

Phil Roe

Phil Roe
Chairman
Subcommittee on Health, Employment,
Labor, and Pensions

Tim Walberg

Tim Walberg
Chairman
Subcommittee on Workforce Protections

Questions Submitted by Representative Marcia Fudge:

1. Initially, when the Administration's One Year Delay of the Employer Mandate was announced, many people met this decision with some skepticism. Some were concerned that the delay would interfere with other provisions of the Affordable Care Act, while others believed the delay was a sign of trouble with the underlying law.
Please take a moment to explain why the delay, undertaken because of the Administration's flexibility to business, is a good thing and does not reflect fundamental and unfixable flaws in the Affordable Care Act.

2. **As a follow up, please take a moment to discuss how the delay of the employer mandate does not impact the other major provisions of the Affordable Care Act like the individual mandate and open enrollment.**

3. Many of my colleagues on the other side of the aisle have repeatedly tried to repeal or gut the Affordable Care Act since its inception. They have characterized the law as being "bad for America," but analysis prepared by the Minority staff of the House Energy and Commerce Committee indicates otherwise.
 Over the last three years since the Affordable Care Act was signed into law, millions of Americans have received better coverage and in many instances, obtained diagnostic tests or prescriptions at a lower cost. Specifically, since the law was enacted, more than 10,000 seniors in my district have received prescription drug discounts worth \$13.5 million.
What other health care cost savings and access to benefits have been provided because of the Affordable Care Act?

4. In your testimony, you point out that "98% percent of employers with 200 or more employees and 94 percent of employers with 50 to 199 employees already offer their workers health insurance."
With that being said, how many workers or firms do you estimate will be directly affected by the delay and the eventual implementation of the reporting and responsibility requirements?



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TIMOTHY H. BISHOP, NEW YORK
DAVID LOEBACK, IOWA
JOE COURTNEY, CONNECTICUT
MARCIA L. FUDGE, OHIO
JARED POLS, COLORADO
GREGORY KILLI CAMACHO SABLON,
NORTHERN MARIANA ISLANDS
FREDERICA S. WILSON, FLORIDA
SUZANNE BONAMICI, OREGON
MARK POCAN, WISCONSIN

March 19, 2014

Mr. Jamie T. Richardson
Vice President
White Castle System, Inc.
555 W. Goodale Street
Columbus, OH 43215

Dear Mr. Richardson:

Thank you for testifying at the July 23, 2013 joint Subcommittee on Health, Employment, Labor and Pensions and the Subcommittee on Workforce Protections hearing entitled, "The Employer Mandate: Examining the Delay and Its Effect on Workplaces." We appreciate your participation.

Enclosed are additional questions submitted by committee members following the hearing. Please provide written responses no later than April 09, 2014, for inclusion in the official hearing record. Responses should be sent to Benjamin Hoog of the committee staff, who can be contacted at (202) 225-4527.

Thank you again for your contribution to the work of the committee.

Sincerely,

Phil Roe
Chairman
Subcommittee on Health, Employment,
Labor, and Pensions

Tim Walberg
Chairman
Subcommittee on Workforce Protections

Questions Submitted by Representative Marcia Fudge:

1. In your testimony, you attribute White Castle's halted growth, not to the actual provisions of the Affordable Care or any other factor in the economy or your business, but to "the mounting uncertainty surrounding the health care law."

While there is obviously a large amount of uncertainty facing any business, how do you explain that a piece of legislation that has been public law for almost three and a half years is the main cause of it?



April 9, 2014

The Honorable Phil Roe (R-TN)
Chairman
House of Representatives
Subcommittee on Health, Employment, Labor and
Pensions
2181 Rayburn House Office Building
Washington, DC 20515

The Honorable Tim Walberg (R-MI)
Chairman
House of Representatives
Subcommittee on Workforce Protections
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Roe and Chairman Walberg:

As requested, below are answers to the additional follow up questions from the hearing entitled, "*The Employer Mandate: Examining the Delay and Its Effect on Workplaces*" submitted by Congresswoman Marcia Fudge.

1. Why is the employer mandate delay a good thing that does not reflect fundamental and unfixable flaws in the Affordable Care Act?

Ninety-six percent of large employers already offer health insurance coverage. The law is designed to help ensure that they keep contributing to that coverage rather than send their employees to the individual market where they may need premium assistance, and to encourage the remaining large employers to also cover their full time employees.

In July 2013, the Department of Treasury delayed implementation of the employer mandate in order to finalize and simplify reporting requirements for employers and to give employers time to test and implement new reporting systems. Their blog explaining this is here (<http://www.treasury.gov/connect/blog/pages/continuing-to-implement-the-aca-in-a-careful-thoughtful-manner.aspx>). The rules for employer reporting and for employer responsibility were finalized in March and February 2014 respectively. The employer reporting rules streamline and simplify reporting, but they still require employers to provide the information necessary to determine compliance with the law. Employer responsibility requirements are phased in so that, to avoid shared responsibility payments, large employers with at least 100 full-time employees must cover 70 percent of their full time workers in 2015 and 95 percent in 2016; and midsize employers with 50-100 employees must report on their coverage in 2015 but have until 2016 to comply with the mandate.

It is very unlikely that any employer who now provides coverage would drop it for a year or two, knowing that they would have to resume coverage the following year to avoid shared responsibility payments. However, the delay does mean that large employers who do not now cover all of their full time workers have more time before they must provide such coverage or make payments.



2. How does the delay not impact other major provisions like the individual mandate and open enrollment?

The individual mandate requires that people have coverage through an employer, a government program, or that they individually purchase – or if they do not have coverage and are not exempt from the mandate, they pay a tax penalty. There is no direct effect of the delay on these provisions. People who do not have coverage because their employer does not provide it can shop for coverage on the marketplace. If they are financially eligible, they qualify for premium credits.

Open enrollment restricts the period of time during which people can purchase individual coverage. People who lose job-based coverage can also enroll during a “special enrollment period”. For example, if someone worked for an employer that provided coverage and then changed jobs to work for an employer that did not provide insurance, the person would have a special period to enroll in a marketplace plan.

3. What other health care cost savings and access to benefits have been provided because of the Affordable Care Act?

Key protections in the ACA include the following:

- You have financial protections if you face severe illness.
- If you have a pre-existing health condition, insurers can no longer drop you or refuse to cover you.
- You can stay on your parent’s plan until you turn 26.
- Insurers can’t charge higher premiums if you are a woman.
- Insurers can’t sell substandard plans that don’t pay for essential health care benefits.

And here are some numbers on who is benefiting and what they are saving:

- Because of the ACA, 100 million Americans now have access to free preventative care, like mammograms. (White House, April 1, 2014)
- Thanks to the Affordable Care Act’s Medical Loss Ratio (“80/20 rule”), 8.5 million consumers received \$500 million in refunds for 2012 premiums from health insurance companies. (HHS, June 20, 2013)
- Nearly 8 million seniors have saved almost \$10 billion on their prescription drugs because the ACA is closing Medicare’s prescription drug gap or “donut hole.” (White House, April 1, 2014)
- An estimated 83% of marketplace enrollees qualify for premium tax credits to help them purchase health insurance. These subsidies are available to people with incomes ranging from one to four times the poverty level (\$11,490 to \$45,960 for a single person and \$23,550 to \$94,200 for a family of four). (HHS, March 11, 2014)



4. How many workers or firms do you estimate will be directly affected by the delay and the eventual implementation of the reporting and responsibility requirements?

According to the Medical Expenditure Panel Survey, 1,668,000 private-sector firms had 50 or more employees in 2012, the most recent year that data is available. About 64 million full-time employees worked at those firms. 96 percent of firms with 50 or more employees offered health insurance. In firms with 50 or more employees that offered health insurance, 88.5 percent of full time employees were eligible.

If you have additional questions or concerns, please follow up with Shannon Donahue, Deputy Director of Government Affairs, 202-628-3030, sdonahue@familiesusa.org.

Sincerely,

A handwritten signature in black ink that reads "Ron Pollack". The signature is written in a cursive, flowing style.

Ron Pollack

Executive Director



MANAGEMENT CO.

Jamie T. Richardson
Vice President, Assistant Secretary
Government, Shareholders & Community Relations

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(614) 559-2687
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April 8, 2014

The Honorable Phil Roe
Chairman
Subcommittee on Health, Education, Labor and
Pensions
Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

The Honorable Tim Walberg
Chairman
Subcommittee on Workforce Protections
Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Roe and Walberg,

Thank you again for the opportunity to testify before the Subcommittees on Health, Education, Labor and Pensions and Workforce Protections during the July 23, 2013 hearing, "The Employer Mandate: Examining the Delay and Its Effect on Workplaces." I was honored to share with you my perspective on behalf of White Castle System, Inc. and the National Restaurant Association.

I am writing to respond to additional questions from committee members following the hearing. Below please find their questions and my responses for the record.

Questions submitted by Representative Marcia Fudge:

1. In your testimony you attribute White Castle's halted growth, not to the actual provisions of the Affordable Care Act or any other factor in the economy or your business, but to the "mounting uncertainty surrounding the health care law."
While there is a large amount of uncertainty facing any business, how do you explain that a piece of legislation that has been public law for almost three and a half years is the main cause of it?

Representative Fudge, thank you for the opportunity to respond to your question about the uncertainty surrounding the implementation of the law and why so long after passage that uncertainty continues to stifle growth.

As with any law, the agencies must write the specific rules that implement what Congress has passed and the President signed. In the case of the Affordable Care Act, the statute itself was very prescriptive for only a few of the employer requirements. Most of the employer requirements under employer shared responsibility (IRC § 4980H) and the enforcement mechanism under the employer information reporting requirements (IRC §§ 6055, 6056) needed very detailed implementing regulations to lay out exactly how the law must be implemented for us to be in compliance. A lack of these rules or guidance on which employers could rely on until just recently and the fact that the rules seem to constantly be changing or amended led to our uncertainty about how exactly the law must be implemented in our business and hence impacted our ability to make well-informed business decisions about our future growth.

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Our quest is excellence and standard setting leadership in each of our industries.



While the Treasury Department began the process of seeking public comment and writing the implementing regulations for IRC §4980H in 2011, it was not until January 2, 2013 that a proposed rule was published in the *Federal Register* that contained guidance on which employers could rely only through the end of 2014. This provided some certainty until the July 2, 2013 announcement that transition relief had been provided for employers until 2015. The July 2nd announcement did not include mention of certain pieces of transition relief provided for in the January 2nd proposed rule that gave employers different rules for the first year of implementation. Since this was not specifically clarified, employers had to be conservative in their interpretation and assume that the first year rules were not carried forward by the July 2nd announcement. It was not until the Final Rule was released and then published in the *Federal Register* February 12, 2014 that these first year rules were clarified and in fact carried forward by the Treasury Department.

In addition, the enforcement mechanism for employer shared responsibility is the employer information reporting under IRC §6056. Employers view the implementation of the law as one complete system they must build to comply. As a result, it is extremely difficult to make business decisions based on only half of the rules. Until the Final Rules on IRC §§ 6055, 6056 were published in the *Federal Register* on March 10, 2014 employers did not have guidance on which they could rely on to build the systems or buy the technology necessary to track and report what they will offer to employees and who enrolled beginning January 1, 2015. We look forward to receiving the forms and instructions from the IRS in the coming months, which usually contain additional essential details about how they will require certain data to be reported which may impact how we set up our systems to track the data.

Now that we have final rules on the major employer requirements, there is more clarity about what the law requires employers to do. However, uncertainty about how these requirements will be implemented every day in our businesses will still be there until we are able to figure out how to be in full compliance for our own organizations. It will not be easy to apply these complex rules in our businesses – especially for industries like the restaurant and foodservice industry with large numbers of variable hour and seasonal employees. It will take time.

There are also additional regulations still outstanding that once released may have implications for implementation of the law both for small and large employers – nondiscrimination rules (IRC §105(h)) applied to fully-insured plans, and automatic enrollment.

Thank you again for the opportunity to address your question.

Sincerely,

A handwritten signature in dark ink, appearing to read "James T. Johnson". The signature is fluid and cursive, with a large initial "J" and "T".

[Whereupon, at 12:08 p.m., the subcommittees were adjourned.]

